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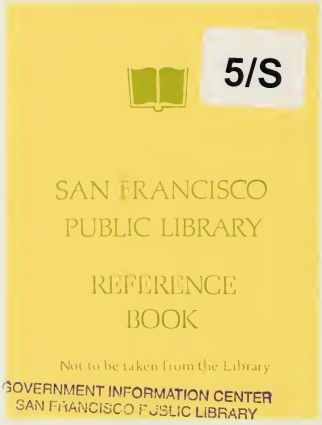

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MARKET ANALYSIS OF REDEVELOPMENT AREA "E"

PREPARED FOR
THE SAN FRANCISCO
CITY PLANNING COMMISSION

BY
REAL ESTATE RESEARCH CORPORATION

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May 29, 1956

Mr. Roger Lapham, Jr., President
City Planning Commission
100 Larkin Street
San Francisco 2, California

Dear Mr. Lapham:

We take great pleasure in transmitting a detailed report containing our findings, recommendations and conclusions in regard to the market for land in Redevelopment Area "E."

This report was made possible by a special appropriation of the Board of Supervisors in order to have available a comprehensive market analysis which would provide a sound economic basis for development plans in Redevelopment Area "E." This report was prepared under the direction of Robert Filley of our staff with the assistance of Catherine Conover and Isabel Hall.

It has been our privilege to work on a number of similar assignments in other communities throughout the country. However, we have particularly enjoyed this assignment for several reasons: First, the opportunity we have had to work with your Commission and with Mr. Paul Oppermann and the staff of the Department of City Planning of the City and County of San Francisco has been a most pleasant and enriching experience. Second, because the location of this area and its features are in many ways unique and have made it a problem for which we have not encountered as yet an exact parallel. Third, because of the extraordinary importance this area has to the whole economic base of San Francisco. The use to which this area is put will affect the San Francisco economy to a degree not equaled elsewhere.

This report does not, of course, contain a plan for the area. We hope, however, that it outlines clearly the economic variables within which the redevelopment plan must fall. This plan can result only from the considered decisions and policies of your Commission and of the people of San Francisco. In this report we have confined ourselves to establishing the broad economic limitations --- the economic "rules of the game," as it were --- within which these decisions must be made and the policies established.

We stand ready to elaborate on our conclusions or to consult with the Commission if desired.

Respectfully submitted,

REAL ESTATE RESEARCH CORPORATION

Richard Lawrence Nelson
President

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May 1956

Real Estate Research Corporation

ACKNOWLEDGMENTS

A survey with the scope of the present project would not be completed in the limited time available were it not for the wholehearted cooperation of informed and interested local agencies and groups. Within the rather broad national experience of Real Estate Research Corporation, no city has exceeded San Francisco in the extent of friendly assistance afforded us. Although our gratitude is not limited to these persons and organizations, we should like especially to acknowledge the assistance of

The Department of City Planning - Paul Oppermann, Director, for refusing no request for assistance, and for the direct aid of Frank Lombardi, Edward Murphy, Marie Carlberg, William Proctor and Frank E. Hendricks.

San Francisco Chamber of Commerce - Lewis G. Fox, General Manager, for help in contacting pertinent trade groups and employers, and for the guidance of Randle P. Shields and of the Redevelopment Coordinating Committee (Randell Larson, Chairman).

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Redevelopment Agency of San Francisco through Thomas C. Bell, Chief Planner, for loaning staff for tabulating.

Federal Housing Administration, James Belda, Director, for access to then unpublished data on vacancy, and for professional opinions of Messrs. Jack Tuggle, Douglas Cannon and William Bledsoe.

San Francisco Real Estate Board, Daniel W. Klein, Executive Vice President, California State Department of Employment, Margaret Thal-Larson, Market Analyst Apartment House Association of San Francisco, Frank Worthington, President.

Bay Area Council, Frank Marsh, Executive Vice President and Raymond Reeves.

as well as such authorities as James Q. Brett, Lloyd D. Hanford, Rex Daddisman, E. J. Launer, Louis Holland and others who gave of their time and experience.

Finally, to the 24 major employers (and all their employees) who completed the residential market questionnaires with understanding thoroughness and outstanding completeness.

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I. NATURE OF ASSIGNMENT

Redevelopment Area "E," hereinafter described in greater detail, is a potential clearance area adjoining the central business district of San Francisco. It is comprised of about 26 city blocks of varying sizes and contains altogether a net area, including potential street and alley closings, of between 50 and 52 acres. Our assignment has been to prepare an economic study and market analysis of the potential new uses for this area. The purpose of the analysis has been to arrive at conclusions concerning the amount of land in this area which could be marketed in a reasonable period of time at its fair cash market value, assuming it to be cleared of all existing structures --- or at least substantially so cleared. The balance of this report is concerned with the presentation of data, analyses, and a summary of conclusions. In the interest of brevity in an already long report, we have only included those tables, calculations andanalyses which were significant in arriving at our conclusions. A large amount of additional data are available in our files having to do with rejected uses, with subanalyses, and with tabular correlations not deemed significant.

II. BASES OF DEDUCTION

In the preparation of this study and in the conclusions presented herein, we have been guided by research programs conducted in three general categories as follows:

A. Field Studies

A field office was established in San Francisco in space provided by the Department of City Planning. From these headquarters the following investigations were conducted:

1. A complete detailed inventory was made of all floor space in the Financial-Administrative District by field inspection and interview. The quantitative amounts in various use categories such as office, financial, wholesale, warehouse, parking and other uses, as well as vacant space were tabulated.

2. As a part of the above canvas, a census of the working population in the Financial-Administrative District was made --- building by building.

3. Building owners or managers were interviewed and data were collected for all multi-tenant office buildings in the Financial-Administrative District on current and past trends in occupancy and on current and past trends in square foot rental for office space. To the best of our knowledge, this represents the first time that rental data of this type have been assembled in such detail in San Francisco.

4. A sample survey was conducted of the attitude of persons employed in the downtown district towards projected new high-rise apartments in the project area. A description of the method of selecting the sample and the results thereof is found in the addenda.

5. In order to supplement and bring up to date existing public records, a field survey was made of garages and parking lots in the Wholesale Produce Market Area, the Financial District and a ring of blocks surrounding these areas. Data were obtained by inspection and interview on capacity and rates for various periods. Coupled with this was a study of the volume of on-street parking, by San Francisco Plan Commission personnel under the direction of Real Estate Research Corporation's field staff.

6. The survey staff prepared or collaborated in the preparation of new tabulations from existing data. For example, through the cooperation of the local FHA office, our survey director supervised the advance tabulation of postal vacancy data in San Francisco and East Bay cities, and prepared some additional tables on rent and vacancies in FHA multi-unit housing. Through the local office of the Bureau of Labor Statistics, our staff members prepared tables on new construction by type of structure for Bay Area counties.

7. Data were also compiled from the experience and files of real estate, commercial, and civic organizations and governmental agencies, as well as through private interviews and in special meetings such as those sponsored by the Building Owners and Managers Association and the Chamber of Commerce.

A large portion of the success of our field work must be attributed to help, cooperation, and endorsement of the agencies mentioned above. The sponsorship of our field work by these organizations was responsible for an attitude of confidence which resulted in coverage and response of an unusually high percentage.

B. Library Data

Real Estate Research Corporation's library contains all pertinent census and other data available from government and quasi-government sources relating to the Bay Area. In connection with this study, this information was supplemented by a considerable volume of data from private sources in San Francisco, including data of a confidential nature which were evaluated in the process of preparing our recommendations but which are not reproduced in this report.

C. Recorded Experience

Real Estate Research Corporation has been engaged in the study of community dynamics, housing markets, the economics of business centers, and the economic factors affecting trends in industrial and commercial locations for 26 years. The experience involved in these studies in a great many communities in the United States, Canada, and Latin America and the comparative data assembled in connection with them were invaluable in the analysis of the problems studied in this report.

III. ECONOMIC BASE OF THE BAY AREA

A. Definition of Area Covered

The markets for the land in the Wholesale Produce Market Area are not confined to the downtown area or to San Francisco alone; rather, they must be shared in varying degrees with competitive areas throughout the Bay Area. These areas compete among themselves as well as with the central city - extending the market to a 50 mile radius --- and in certain respects beyond as we shall see hereinafter.

Several definitions of the "Bay Area" are in common use. For purposes of this report, the Bay Area is defined as the "seven county area" --- San Francisco, Alameda, Contra Costa, Marin, San Mateo and Solano Counties (making up the Census's San Francisco-Oakland Standard Metropolitan Area), plus Santa Clara County (the San Jose Metropolitan Area). Combined, these seven counties contain some 4,619 square miles. Had they been considered as a unit under the 1950 Census they would have passed Boston as the sixth largest metropolitan area in population in the United States.

B. Economic Base of the Area

San Francisco is a continental city --- like New York and Chicago, it is one of the three great centers from which national and continental business affairs are directed.

Most strategically located to the entire West Coast, it is the fastest growing region in the country; a rail, truck, and airline center serving eleven western states; a world communications center; and one of the finest natural harbors for the trade of the potentially-richest unserved market in the world --- the Pacific Basin. San Francisco is also a regional center. It is the financial and insurance capital of the West; the headquarters of the world's largest bank, the third largest federal reserve bank and of three-quarters of the state's insurance companies. Sixty of the country's one hundred largest manufacturers maintain executive or regional offices here and there are 1,600 regional or national business firms with branch offices, according to the San Francisco Chamber of Commerce.

Because the area affords the most economical distribution costs to the rapidly expanding western markets, it is an important supply center for the purchase, storage, sale and distribution of goods.

Finally, as cumulative evidence of the significance of all these factors, under the administrative plans of the Federal Government San Francisco is the site of the regional or western offices of most departments or agencies.

C. Employment Characteristics and Growth

The amount of employment and its distribution by industry groups for the seven county Bay Area in 1950 and 1956 is shown in Table 1 below.

Table 1. EMPLOYMENT GROWTH BY INDUSTRY GROUP IN SEVEN COUNTY SAN FRANCISCO BAY AREA

Industry Group	Employment April 1950		1950 U.S. Urban	Estimated Employment January 1956		Per Cent
	Number	Per Cent	Per Cent	Number	Per Cent	Increase
Total	965,389	100.0	100.0	1,159,800	100.0	20.1
Agriculture	29,447	3.0	2.0	29,000	2.5	dec.
Construction	70,978	7.4	6.2	72,300	6.2	1.8
Manufacturing	191,411	19.8	29.4	238,400	20.6	24.5
Transportation, Communication, Utilities	100,184	10.4	9.0	120,100	10.4	19.9
Trade	219,507	22.7	21.9	273,400	23.6	24.6
Financial, Insurance, Real Estate	57,735	6.0	4.4	71,900	6.2	24.5
Service	211,011	21.9	20.6	257,700	22.2	22.1
Government	73,888	7.6	5.2	94,200	8.1	27.5
All Other	11,228	1.2	1.3	2,800	0.2	dec.

Sources: April 1950 assembled from U.S. Census of Population
January 1956 assembled from preliminary reports of California Department of Employment.

It is obvious, especially in comparison with the country's urban averages as shown, that the Bay Area has a well-balanced though not-yet matured employment. The somewhat higher proportions in government, service and trade are an outgrowth of San Francisco's position as a financial, distribution and administrative center; being less subject to economic weather, they imply stability. Above-average construction employment (with some allowance for seasonality in the January 1956 figures) is symptomatic of a growing area.

In common with most western cities, the ratio of employment in manufacturing is low. However, here the margin from the norm is being closed as evidenced by the 24.5 per cent gain (some 47,000 employees) recorded in the nearly six years since the census.

Growth in the period recorded has been at a rate of about 34,800 workers per year. Within industry groups, the heaviest rates of gain are recorded in the more basic parts of the economy.

D. Location of Employment Growth

Not all portions of the Bay Area have shared equally in the growth discussed above.

Data on the individual counties making up the Bay Area are available only as to "covered employment" through the California State Department of Employment and are presented on Table 2 for April 1950 and April 1955. This shows that one-third of the increased employment in the Bay Area during this period went into Alameda County (for a 20 per cent gain). Over a quarter of the growth was in Santa Clara County (up almost 48 per cent) and over a fifth into San Mateo (increasing 53.5 per cent in its employment). San Francisco County got only six per cent of the increase during the period.

Other economic indicators generally follow manufacturing employment. Table 3, from the same series, shows the distribution of growth confined to covered manufacturing firms. Santa Clara and Alameda Counties each absorbed about one-third of the net increase during this period.

Table 2. EMPLOYMENT GROWTH BY COUNTY IN SEVEN COUNTY SAN FRANCISCO BAY AREA

Total Employment

Area Covered	April 1950 Number	April 1950 Per Cent	April 1955 Number	April 1955 Per Cent	Net Increase Number	Net Increase Per Cent	Per Cent Increase
San Francisco Metropolitan Area 7 Counties	649,641	100.0	751,064	100.0	101,423	100.0	15.6
San Francisco	312,656	48.1	319,124	42.5	6,468	6.4	0.2
Alameda	168,133	25.9	201,932	26.9	33,799	33.3	20.1
Contra Costa	51,532	7.9	58,507	7.8	6,975	6.9	13.5
Marin	9,665	1.5	12,636	1.7	2,971	2.9	30.7
San Mateo	41,804	6.4	64,179	8.5	22,375	22.1	53.5
Solano	10,314	1.6	12,545	1.7	2,231	2.2	21.6
Santa Clara	55,537	8.6	82,141	10.9	26,604	26.2	47.9

Assembled from data of California Department of Employment.

Table 3. MANUFACTURING EMPLOYMENT GROWTH BY COUNTY IN SEVEN COUNTY SAN FRANCISCO BAY AREA

Area Covered	Manufacturing Employment April 1950 Number	Per Cent	April 1955 Number	Per Cent	Net Increase Number	Per Cent	Per Cent Increase
San Francisco Metropolitan Area 7 Counties	173,073	100.0	210,418	100.0	37,345	100.0	21.6
San Francisco	62,567	36.2	66,183	31.4	3,616	9.7	5.8
Alameda	53,802	31.1	65,993	31.4	12,191	32.6	22.7
Contra Costa	26,590	15.4	27,558	13.1	968	2.6	3.6
Marin	732	0.4	1,019	0.5	287	0.8	39.2
San Mateo	10,269	5.9	17,646	8.4	7,377	19.8	71.8
Solano	1,276	0.7	1,732	0.8	456	1.2	35.7
Santa Clara	17,837	10.3	30,287	14.4	12,450	33.3	69.8

Assembled from data of the California Department of Employment.

E. Density of Employment

Since population and the demand for housing are generally factors of employment, the above trends at first would appear adverse to the market for shelter in the San Francisco area.

The reason that the central city has not paralleled the growth of the area is found in the fact that almost no vacant land is available for new construction. Even in mid-1949 it was estimated that only 300 acres of industrially-zoned land remained unused. In the entire county last year less than 7,000 parcels in all classifications (including some rather precipitous sites) were available for development. Expansion in the central city, with its advantages of convenience, will have to come either from more intensive use or from redevelopment.

Nevertheless, it is significant in all implications of the market, that San Francisco County is the site of the largest single source of employment --- supplying 319,124 or 42 per cent of the "covered" jobs in the seven county Bay Area (Table 2).

This employment is compressed into a very small area; the entire county contains only 45 square miles. The density of covered employment in San Francisco County is computed at 7,092 per square mile.

The varying intensity of employment throughout the Bay Area is shown on the map entitled Density of Employment in the San Francisco Metropolitan District, and is taken from the figures on Table 2 and Department of Commerce data on the area. Even with allowances for very hilly land in some areas, it is obvious that no other area begins to approach the density in the central city.

F. Population Distribution and Growth

The moderate growth during the depression of the 30's and the very rapid expansion of population during and after World War II for the Bay Area and each of its seven counties is reflected in the figures on Table 4. Growths of over 100 per cent were achieved by both Contra Costa and San Mateo Counties during the last census decade. In this period, the central city showed a 22 per cent gain, but the balance of the Bay Area grew 75 per cent. The average growth per year for the entire area was 90,000 persons.

DENSITY OF EMPLOYMENT IN
SAN FRANCISCO METROPOLITAN DISTRICT

(200) NUMBER OF EMPLOYEES PER SQUARE MILE

MARKET ANALYSIS AREA E - 1956 SAN FRANCISCO, CALIFORNIA
PREPARED BY REAL ESTATE RESEARCH CORPORATION & SAN FRANCISCO DEPARTMENT OF CITY PLANNING

The report prepared by Parsons, Brinckerhoff, Hall and McDonald in 1955, entitled "Regional Rapid Transit," contains one of the more carefully thought-out population predictions, based upon employment movements, available land, etc. The "high" estimates of population in 1960 and 1970 from this source are shown on Table 4.

By these estimates the Bay Area would increase some 1,900,000 in the 20-year period to 1970, or 95,000 per year. Only 6.25 per cent of this annual gain is allocated for San Francisco in the estimate relying on the absence of developable land.

G. Conclusion

Because of the vigor and balance in the economic base, the potential expansion and continuing growth of the West, the development possibilities of the Pacific Basin, and the stability of its major employment components, a conclusion favorable to the soundness and continued growth of the Bay Area seems justified.

While the bulk of this growth will go into the outlying counties by reason of shortage of land in the central city, there is no reason to believe that such well-situated property as is available for development or redevelopment will not have a substantial market.

Table 4. PAST AND FUTURE TRENDS IN POPULATION GROWTH IN SEVEN COUNTY SAN FRANCISCO BAY AREA

Area	POPULATION				
	ACTUAL			ESTIMATED*	
	1930	1940	1950	1960	1970
Total 7 Counties	1,492,890	1,636,753	2,531,314	3,458,000	4,449,000
San Francisco	634,394	634,536	775,357	830,000	900,000
Total Other	858,496	1,002,217	1,755,957	2,628,000	3,549,000
Alameda	474,883	513,011	740,315	967,000	1,233,000
Contra Costa	78,608	100,450	298,984	450,000	659,000
Marin	41,648	52,907	85,619	138,000	201,000
San Mateo	77,405	111,782	235,659	418,000	515,000
Santa Clara	145,118	174,949	290,547	501,000	726,000
Solano	40,834	49,118	104,833	154,000	215,000

Sources: U. S. Census of Population 1930-1950
* Regional Rapid Transit, Parsons, Brinckerhoff, Hall and McDonald 1960 and 1970 High Population Projections.

ESTIMATED POPULATION GROWTH IN
SAN FRANCISCO METROPOLITAN DISTRICT
1950-1970

(200) ESTIMATED NET INCREASE IN POPULATION IN THOUSANDS

DATA: "REGIONAL RAPID TRANSIT" 1954

MARKET ANALYSIS AREA E - 1956 SAN FRANCISCO, CALIFORNIA
PREPARED BY REAL ESTATE RESEARCH CORPORATION & SAN FRANCISCO DEPARTMENT OF CITY PLANNING

IV. RELATIONSHIP OF REDEVELOPMENT AREA "E" TO THE BAY AREA

A. The Boundaries

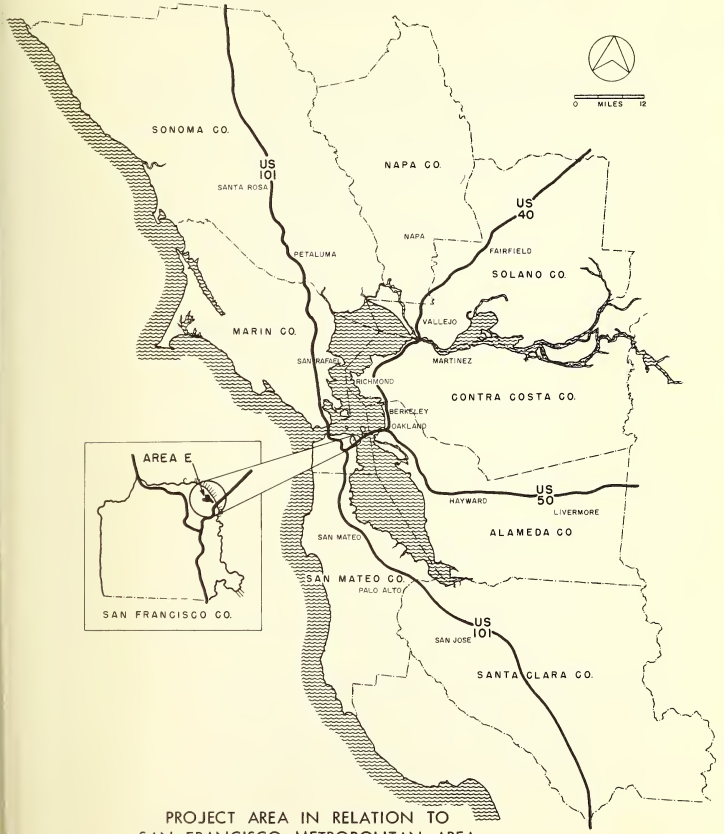
Redevelopment Area "E" is very irregular in shape. It is bounded on the east by The Embarcadero, a wide street servicing the pier development along the waterfront. On the north, it is bounded by Broadway as far west as Battery. Then the line swings south to Washington along Battery, and the balance of the north boundary is on Washington as far west as Montgomery. The south boundary consists of a series of jogs down Clay, Commercial and Sacramento until the line swings south at Drumm to Market, and thence east to Steuart, where it encompasses the two blocks bounded by Steuart, The Embarcadero, Howard and Market.

Redevelopment Area "E" adjoins on the north and east an area described in reports of the San Francisco Department of City Planning as the Financial-Administrative section of downtown. This area, as defined by them, extends from Area "E" on the north and east to a point midway between Montgomery and Kearny on the west, and to Stevenson extended on the south. There are also three small extensions; one on the south on New Montgomery as far as Howard; another on Market as far as Kearny; and the third on California to the midblock point between Kearny and Grant.

The two areas (that is Area "E" and the Financial-Administrative Area) overlap only in the southern half of the block bounded by Drumm, California, Market and Sacramento. They are also not coterminous for three blocks on the south side of Sacramento, from Battery to Drumm where there is a half block gap.

B. General Structure of Downtown San Francisco

All American cities, small and large, have a "downtown" district which exists as a trading center for the community. The location of most of them was originally determined by the accident of the siting of a major institutional or public building (like the County Court House) or by the railroad station. In inland cities, downtown is usually near the geographical center of the community; in waterfront cities, downtown is usually at the water edge periphery of the community somewhere near the juncture of rail and water borne commerce. In big cities all important business within the community and all important employment was likely to be in or near this downtown area, because as cities grew, downtown was the only easily accessible place from all parts of the community. This was the result of a dependence on fixed rail transportation



PROJECT AREA IN RELATION TO
SAN FRANCISCO METROPOLITAN AREA

MARKET ANALYSIS AREA E - 1956 SAN FRANCISCO, CALIFORNIA
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which made it easier to get from almost any place in the community to downtown than to go any other place in the city, even a much shorter distance away.

Gasoline powered, rubber tired transportation, both private and public, started a trend in urban development in the 1920's and before which has been called decentralization. Private automobiles (and bus routes which could be changed overnight) made a great many places in the community as accessible as downtown. Also the great growth of the mass production consumer industries in the United States in the last 35 years has made for standardization of products. This has resulted in increased shopping for "brand names" at points of greatest convenience as opposed to shopping at "name" stores and favorite service establishments. From these two factors has occurred a relative decline in most Central Business Districts. Downtown San Francisco, however, has fared better than most for four reasons:

1. It has been heavily confined by topography, certain historical and political factors, and adjacent uses. Its strength has not been dissipated by being strung over large areas (as witness retailing in Manhattan).

2. Its functional areas have been clearly separated and relatively well organized.

3. There has been heavier population concentration and a lower incidence of close-in slums than in any similar community we know.

4. Most important of all, it functions as a commercial district in which are centered certain activities generated over the entire far western part of the United States and beyond.

The latter point is worthy of further examination. Downtown San Francisco today functions on three levels as follows:

a. It is a Convenience Business District. In this sense it operates like any of the other business districts of varying size situated throughout the Bay Area. People living nearby downtown San Francisco and those working here use downtown facilities for their daily banking, shopping, entertainment and service needs just as people in the suburban communities use the "downtown" of each suburb --- and as they use the new outlying park-and-shop developments.

b. It is the Central Business District for the Bay Area. A substantial number of the establishments in downtown San Francisco function entirely on this level. There are professional specialists, specialty stores, certain entertainment facilities, more extensive banking services and the like which must draw business from the whole Bay Area. People from all parts of this area visit downtown San Francisco sporadically on special occasions, on important fiduciary matters, to purchase highly specialized services or products or for major purchases where a good deal of comparative shopping is involved. In this respect, downtown San Francisco is little different from the Central Business District of any one of the 177 standard metropolitan areas in the United States.

c. It is a Regional and Continental Commercial District. This is, by all odds, its most important function and one in which it is relatively unique. For this reason, it perhaps ought not to be called "downtown" or the "San Francisco Central Business District," at all, but should be designated as the Central Commercial District or some similar grouping of words to underline the importance of this aspect. Business, when defined with exactitude, is something which takes place as between individuals or firms. Commerce, on the other hand, is business which takes place as between large areas or regions.

Whereas, the downtown shopping district to some extent exists on this regional level also, the most important downtown regional functions are those having to do with its meeting, financial, and administrative activities which take place on a regional level --- a level covering many states. Downtown San Francisco despite several handicaps is the most important meeting and convention center for the entire West Coast. In its Financial and Administrative District are located law firms, architects, brokers, and the like whose business is regional or continental in character rather than local, even if the word "local" is expanded to include the entire Bay Area. Here are also the regional offices of many national organizations. Most significant of all is the Financial District in which are located, in a concentrated area, the financial institutions having a regional business extending over many states. The Federal Reserve Bank covering seven states is located here, together with large institutions like Bank of America, Southern Pacific Company, Pacific Telephone and Telegraph,

Pacific Gas and Electric Company and Standard Oil Company of California which have a regional business with other financial institutions throughout the West Coast area. Only the Wall Street area in New York and the La Salle Street-Monroe Street cruciform in Chicago are comparable continental financial districts to the "H" formed by Montgomery and Sansome as intersected by California.

Of course, several other large American cities have groupings of facilities which are regional or semi-regional in character. These are, however, largely obscured as a functional entity in the downtown by the importance of the downtown as the central business district for the metropolitan area. Only in the downtown area of the three "continental" cities of New York, Chicago and San Francisco is the regional character clearly dominant, and in only a few other cities like Boston, Denver and Atlanta is it even identifiable.

We have dwelt on this at some length, because San Francisco's function as a regional or continental Administrative and Financial center is its single greatest economic asset. It is largely these facilities which create a potential market for cleared land in Redevelopment Area "E." Because of its importance we have also assumed as a part of our analysis that it would be a principal purpose of the Redevelopment Plan for Area "E" to plan development which will support those adjacent and nearby functions in downtown San Francisco which are regional in character.

C. The Specific Structure of the Financial and Administrative Area

A good deal of the detailed field work conducted in connection with this study has been in that area which the San Francisco Planning Department has called the Financial-Administrative Area, bounded as previously indicated. This concentration of our activity has been for three reasons:

1. Redevelopment Area "E" is substantially coterminous with the Financial-Administrative District and represents a logical extension of that district.

2. A substantial portion of the market for land in Redevelopment Area "E" will arise most likely, either from an expansion of the Administrative-Financial facilities or from the market created by the need for supporting functions --- parking, residential and the like.

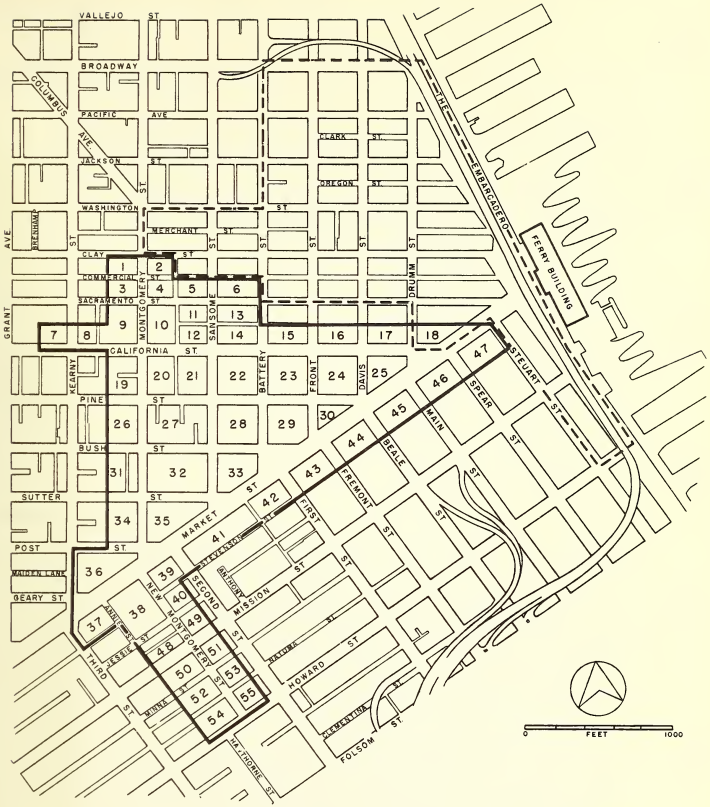
3. The significance of this area to the San Francisco economy makes it important that the Redevelopment of Area "E" support and enhance it.

All of the major multi-tenancy office buildings in San Francisco are located within this area and there are here legal, insurance, financial, administrative and general office tenants. The backbone of the area is the regional Financial District extending on Montgomery Street from Market to just north of California and on Sansome from Market to the Federal Reserve Bank on the north side of Sacramento. The eastern part of the area and that portion south of Market Street are more administrative in character.

The exact outline of the Financial-Administrative Area may be seen on the map on a following page entitled "Key Map of Space Use Survey Block Numbers" where it is outlined with a solid heavy line. The project area outlined by a broken or dashed line is also shown in relation to the Financial-Administrative District.

Within the district, there are approximately 6,303,279 net square feet of floor space. Of this amount, approximately 6,011,229 square feet are net rentable space, while the remainder is used for parking. Ninety-one and eight tenths per cent of this net rentable floor space is presently used for financial or administrative purposes --- 85 per cent for office space alone. Two blocks in this district contain almost 20 per cent of the office space, and 43 per cent of the space used for this purpose is located in seven blocks. The block by block concentration of space for this use is shown on the maps entitled "Concentration of Space in the Financial-Administrative District Devoted to Financial Use" and "Devoted to Office Use." Another map in this series indicates the location of concentration of retail, wholesale-warehouse, and parking uses. In studying these maps it should be noted that the legends for the degree of concentration of these uses varies from map to map and is based upon the range of square footage found for each of these uses.

The degree of concentration of employment within this area is shown graphically on two maps which are entitled "Number of Employees per Block" and "Density of Employment." The first illustration shows, by a numeral in each block, the number of employees that normally work in that area. The second illustration shows, by density of overlay on each block, the approximate number of square feet of ground area for each person employed in that block. An analysis of employment in this district reveals that 32.4 per cent of the persons working in the Financial-Administrative District are concentrated in six blocks while 55.5 per cent of the employment is in only 14 blocks.



KEY MAP OF SPACE USE SURVEY BLOCK NUMBERS

—— OUTLINE OF SURVEY AREA

– – OUTLINE OF AREA E

10 SURVEY AREA BLOCK NUMBER

MARKET ANALYSIS AREA E - 1956 SAN FRANCISCO, CALIFORNIA
PREPARED BY REAL ESTATE RESEARCH CORPORATION & SAN FRANCISCO DEPARTMENT OF CITY PLANNING

The statistical addenda to this report contains tables which present numerically the information graphically portrayed in these maps.

Table 5. SUMMARY OF FLOOR SPACE USES IN THE FINANCIAL-ADMINISTRATIVE DISTRICT OF SAN FRANCISCO, CALIFORNIA

Use Category	Net Rentable Square Feet: Square Feet	Per Cent of Total
Office	5,109,691	81.1%
Financial	398,211	6.3%
Retail	363,811	5.8%
Parking	292,050	4.6%
Other	139,516	2.2%
Total	6,303,279	100.0%

D. Features of Area "E"

Area "E" is highly heterogeneous in character, containing a very considerable mixture of land uses and building types. Its most important feature is the San Francisco Wholesale Produce Market. Though some of the facilities are scattered considerably through the area, the major concentration is on Washington Street between Front and Drumm. Surrounding this concentration, are also general wholesale grocery establishments, wholesale poultry, fish and meat places (there is a heavy concentration of this latter on Merchant between Montgomery and Sansome), wholesale dairy products and food processing establishments. This wholesale food operation occupies altogether about 50 per cent of the land area within the project boundaries, not including streets and alleys. Rail yards extend into the northeast corner of the area and there are a few obsolete manufacturing establishments in the project. Also scattered throughout the area, but concentrated to some extent in the eastern and southern portions, are restaurants, rooming houses, trucking and other facilities servicing the waterfront dock area across The Embarcadero. Adjacent to the Financial District are a few scattered parking lots and service stations. In the western portion there are a number of printers and allied industries and also some import-export firms in the vicinity of the Appraisers' Building and Custom House.

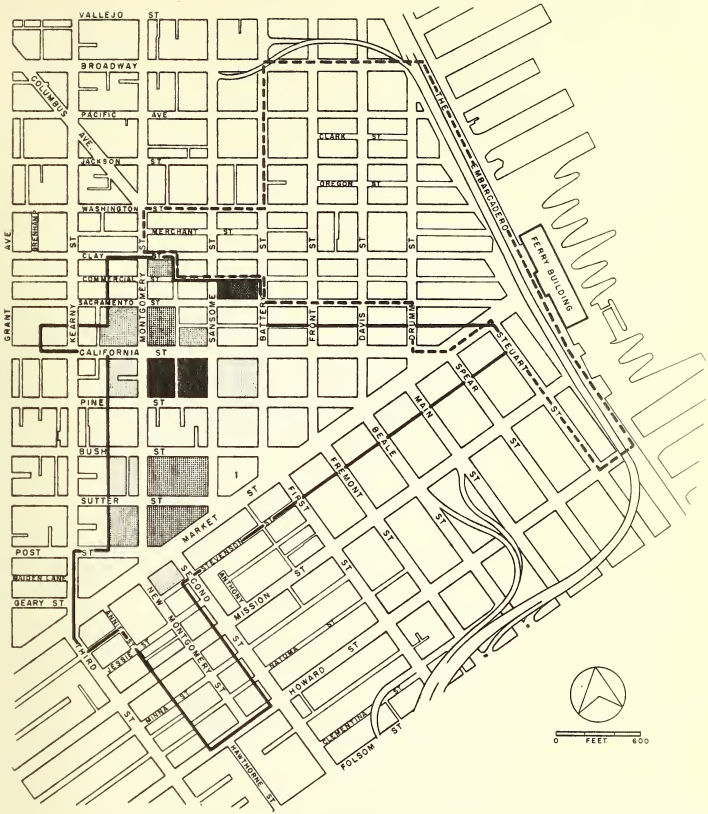
It is only these latter functions which are not entirely obsolete and in these cases, the character of the structures are such, by and large, to represent uneconomic uses of land. The obsolescence and the declining economic function of the area in its present use is evidenced by the extraordinarily high incidence of vacancy throughout the buildings.

The wholesale produce market is congested, inefficient and poorly located and serves also to increase congestion in nearby areas. The functions having to do with servicing of the docks, have declined considerably accompanying the decline of shipping to the Orient. In any event, this dock area can easily be serviced from adjoining areas.

The only present uses in the areas that are now at all logically located here, aside from parking, are the import-export offices, many of which might be moved to the new World Trade Center if it proves successful. Those that are not can be perpetuated in their presence near the Appraisers' Building and Custom House either through renovating existing structures or in new buildings. The printing industries would be more suitably located south of Market.

Frequently, in a redevelopment project, displacement of existing facilities of itself tends to create a market for new uses. In the study of a redevelopment of a business district for the University of Chicago, for example, we found that a substantial portion of the market for land in the redevelopment area would come from those retail facilities being temporarily displaced through the redevelopment process. In the case of the subject area, however, only a few of the existing institutions would logically relocate within the area. Therefore, the market created by such displacement would only represent a minor land use.

Peripheral features which will tend to establish the character of the area (in addition to the regional Administrative and Financial District which adjoins Area "E" on the south and west) are: the Appraisers' Building and Custom House in the blocks bound by Sansome, Battery, Washington and Jackson; the World Trade Center on the east side of The Embarcadero in the old Ferry Building; a probable state park which will be constructed in the subject area generally located adjacent to the Ferry Building; the wall of docks along the east side of The Embarcadero; and the elevated two level expressway (which will be a structure approximately 60 feet in height along The Embarcadero) which will border the subject property on the east and to a lesser degree on the north as well. Direct access from the freeway into the subject area will be available.



CONCENTRATION OF SPACE IN FINANCIAL-ADMINISTRATIVE DISTRICT DEVOTED TO FINANCIAL USE

— OUTLINE OF SURVEY AREA

– – OUTLINE OF AREA E

OVER 200,000 SQ. FT. OF FINANCIAL USE

100,000 - 200,000 SQ. FT. OF FINANCIAL USE

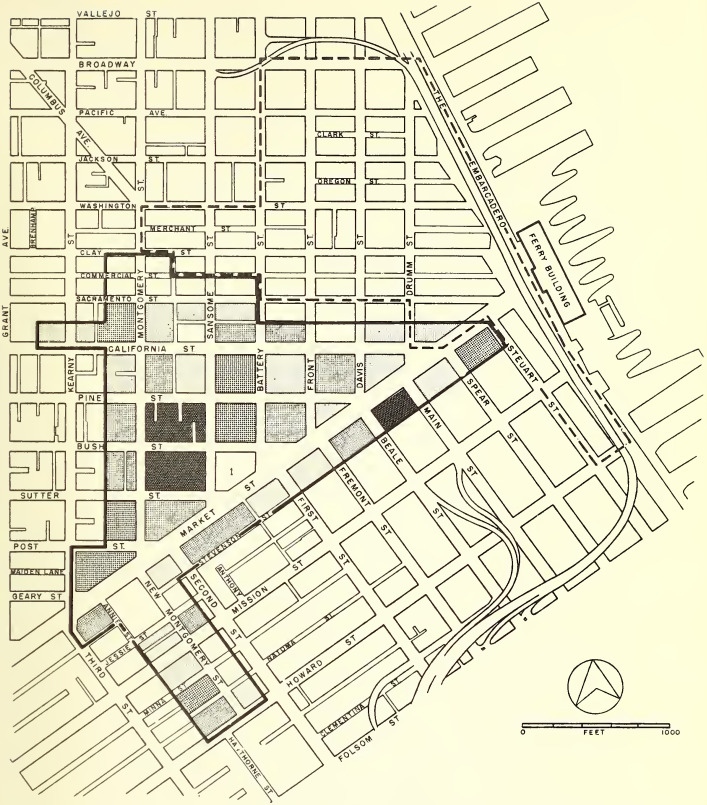
50,000 - 99,999 SQ. FT. OF FINANCIAL USE

25,000 - 49,999 SQ. FT. OF FINANCIAL USE

[1] NEW BUILDING BEING CONSTRUCTED TO USE THIS BLOCK.

MARKET ANALYSIS AREA E - 1956 SAN FRANCISCO, CALIFORNIA

PREPARED BY REAL ESTATE RESEARCH CORPORATION & SAN FRANCISCO DEPARTMENT OF CITY PLANNING



CONCENTRATION OF SPACE IN FINANCIAL-ADMINISTRATIVE DISTRICT DEVOTED TO OFFICE USE

——— OUTLINE OF SURVEY AREA

– – – OUTLINE OF AREA E

OVER 400,000 SQ. FT. OF OFFICE USE

200,000 – 400,000 SQ. FT. OF OFFICE USE

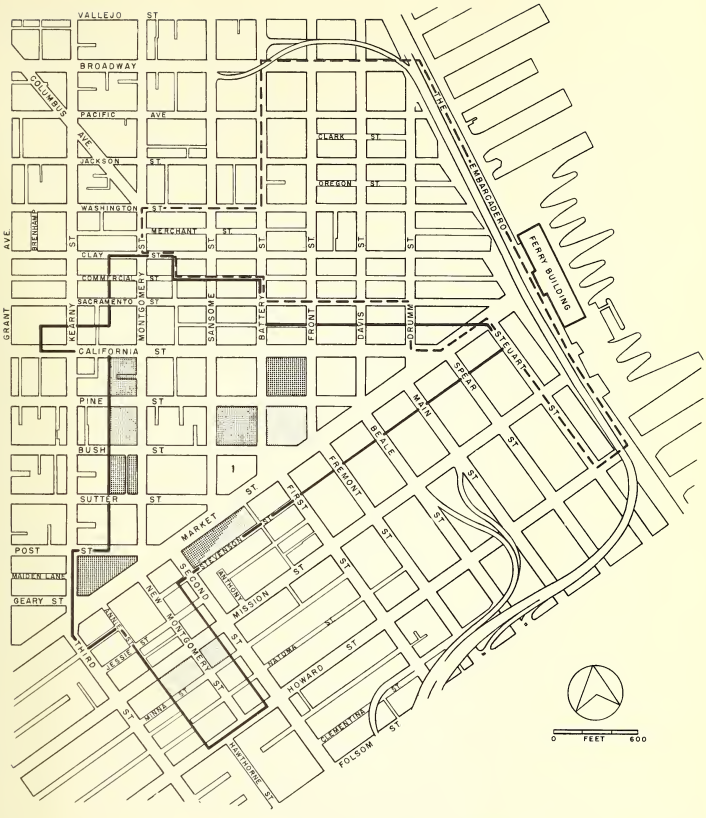
100,000 – 199,999 SQ. FT. OF OFFICE USE

50,000 – 99,999 SQ. FT. OF OFFICE USE

[1] NEW BUILDING BEING CONSTRUCTED TO USE THIS BLOCK.

MARKET ANALYSIS AREA E – 1956 SAN FRANCISCO, CALIFORNIA

PREPARED BY REAL ESTATE RESEARCH CORPORATION & SAN FRANCISCO DEPARTMENT OF CITY PLANNING



CONCENTRATION OF SPACE IN FINANCIAL-ADMINISTRATIVE DISTRICT
DEVOTED TO RETAIL, WHOLESALE-WAREHOUSE OR PARKING USES

— OUTLINE OF SURVEY AREA

– – OUTLINE OF AREA E

RETAIL

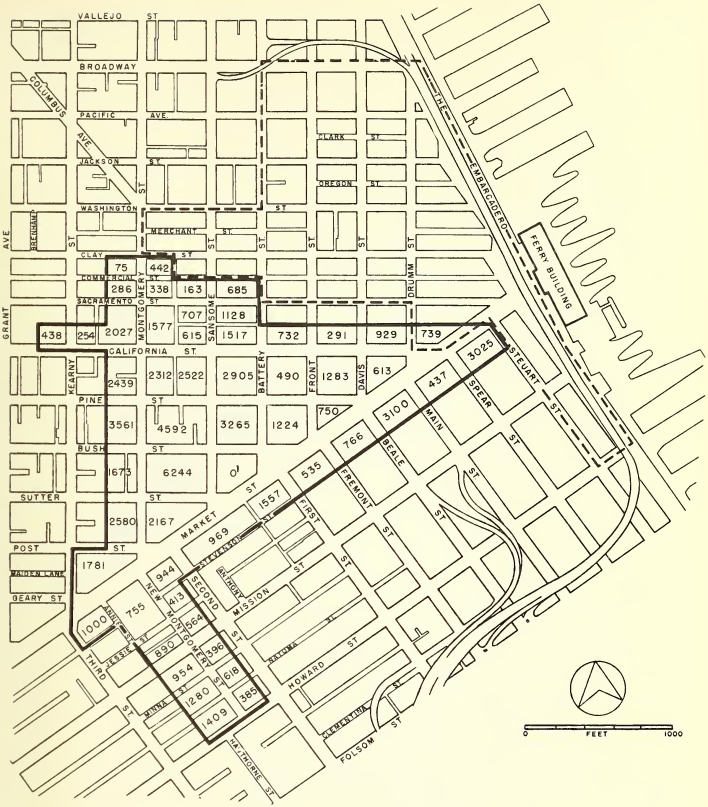
WHOLESALE-WAREHOUSE

PARKING

NOTE SHADED AREAS INDICATE BLOCKS IN WHICH 50,000 SQ. FT. OF FLOOR SPACE OR MORE WAS DEVOTED TO THE ABOVE USES.

[1]NEW BUILDING BEING CONSTRUCTED TO USE THIS BLOCK.

MARKET ANALYSIS AREA E - 1956 SAN FRANCISCO, CALIFORNIA
PREPARED BY REAL ESTATE RESEARCH CORPORATION & SAN FRANCISCO DEPARTMENT OF CITY PLANNING

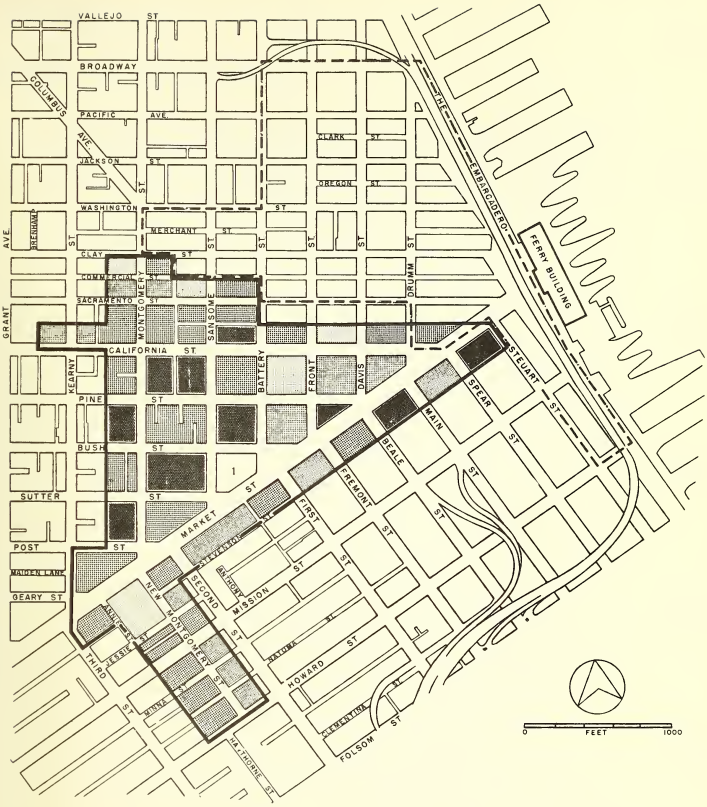


NUMBER OF PERSONS EMPLOYED PER BLOCK
IN FINANCIAL-ADMINISTRATIVE DISTRICT

—— OUTLINE OF SURVEY AREA
– – OUTLINE OF AREA E
100 NUMBER OF EMPLOYEES

[1] NEW BUILDING BEING CONSTRUCTED TO USE THIS BLOCK.

MARKET ANALYSIS AREA E - 1956 SAN FRANCISCO, CALIFORNIA
PREPARED BY REAL ESTATE RESEARCH CORPORATION & SAN FRANCISCO DEPARTMENT OF CITY PLANNING



DENSITY OF EMPLOYMENT IN FINANCIAL-ADMINISTRATIVE DISTRICT

— OUTLINE OF SURVEY AREA

– – OUTLINE OF AREA E

LESS THAN 25 SQ. FT. OF LAND PER PERSON

25 TO 49 SQ. FT. OF LAND PER PERSON

50 TO 99 SQ. FT. OF LAND PER PERSON

100 OR MORE SQ. FT. OF LAND PER PERSON

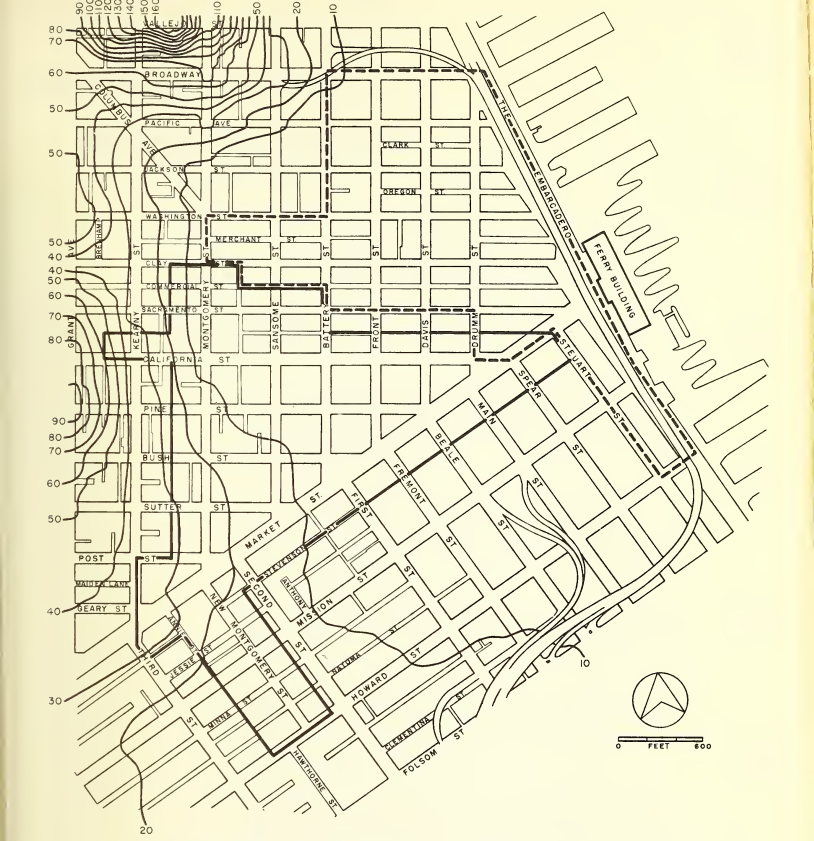
[1]NEW BUILDING BEING CONSTRUCTED TO USE THIS BLOCK.

MARKET ANALYSIS AREA E – 1956 SAN FRANCISCO, CALIFORNIA

PREPARED BY REAL ESTATE RESEARCH CORPORATION & SAN FRANCISCO DEPARTMENT OF CITY PLANNING

The topography of the area is fairly level. At Montgomery Street it is about +7 feet as against 0 to +1 foot at The Embarcadero. At one corner (Broadway and Battery) the land rises from +7 feet to +14 feet in about 150 lateral feet. The balance of the area is relatively level with the Financial-Administrative Area --- there being no natural topographic barriers in this direction.

The climate of the subject area is good.



TOPOGRAPHIC MAP OF AREA E AND SURROUNDINGS

—— OUTLINE OF SURVEY AREA
– – OUTLINE OF AREA E
—— CONTOUR LINE

TOPOGRAPHY FROM STREET GRADES.
SUBSIDENCE HAS OCCURRED IN SOME SPOTS

V. MARKETABILITY OF LAND FOR NEW USES

A. General Assumptions

Inasmuch as the area herein analyzed is not now owned by the City and County of San Francisco, and cannot, therefore, be currently offered for sale, it has been necessary to base our marketability estimates on certain assumptions as to the conditions which might materially affect its desirability to potential purchasers. The following explicit assumptions have been made, and taken into consideration, in our estimates of the quantity of land which might be disposed of for various uses:

1. That a general redevelopment plan will be prepared covering all land to be sold, and involving sound functional relationships between the portions of the area which may be sold for varying uses.

2. That prospective purchasers will be required to agree to adhere to the redevelopment plan; will not be permitted to discriminate on the basis of race, color or religion; and will be required to meet other requirements typical in redevelopment contracts.

3. That a marketing program will be part of the redevelopment plan to result in an orderly placing of additional facilities on the market.

4. That no major downtown office structures other than those now projected, large hotels, or large "close-in" apartment projects will be constructed between the date of this report and the marketing of the land.

5. That general economic conditions and price levels at the time of actual sales will be substantially the same as at present, both nationally and in the San Francisco Bay Area.

B. Marketability of Land for Office Use

The market for office space, in Redevelopment Area "E," can be divided into three general categories as follows:

1. General purpose multi-occupancy office buildings for professional and administrative offices.

2. Financial space.

3. Single purpose administrative and sales buildings.

The most recent report of the Building Owners and Managers Association (October 1955) shows there exists 13,203,859 square feet in 209 multi-occupancy office buildings in San Francisco, and 867,326 square feet in 27 buildings in Oakland. These together --- a total of 14,071,185 square feet --- largely represent today's supply of office space in the Bay Area. There is, of course, at least again this much space in single purpose buildings in outlying locations, in offices combined with plants, and in small upstairs medical, real estate, insurance offices and the like, in suburban and outlying locations throughout the Bay Area. This latter space is, however, largely not competitive with general downtown office space in the central districts of San Francisco and Oakland. Of this inventory of multi-occupancy downtown space in the Bay Area, 4.53 per cent was vacant in October 1955, of which the figure for San Francisco was 4.39 per cent and for Oakland 6.78 per cent.

The vacancy figure for San Francisco included a very substantial amount of space in the Equitable Building which was then being completed and was in the process of renting.

In point of fact, it would appear that Oakland had a relatively balanced supply and demand situation at that time, but that there was exhibited a shortage in San Francisco taking the Equitable situation into consideration. The table on the following page shows the vacancy percentage in office buildings in New York, Chicago, San Francisco, Oakland and Los Angeles for November of each year from 1950 through 1955. The trends show a very substantial and continuing shortage in New York despite the very considerable construction there, as new office space was absorbed rapidly. In Chicago, occupancy has remained relatively constant though there were virtually no new additions to supply. This is misleading as to demand, however, as in Chicago there are a large number of loft buildings in areas peripheral to good office building locations. A very substantial amount of conversion took place there between 1950 and the present, probably adding to total supply as much as 20 per cent. In San Francisco, occupancy has remained high and also relatively constant despite two trends:

Table 6. VACANCY PERCENTAGES IN OFFICE BUILDING SPACE
NOVEMBER 1950 - 1955

	1950	1951	1952	1953	1954	1955
New York	1.72%	1.13%	0.89%	0.85%	1.76%	1.24%
Chicago	3.95%	3.12%	2.85%	2.79%	3.40%	3.68%
San Francisco	2.76%	1.85%	1.96%	2.27%	3.19%	4.39%
Oakland	3.33%	5.90%	3.67%	5.05%	6.21%	6.78%
Los Angeles	3.95%	3.41%	3.74%	4.18%	3.92%	4.94%

Source: Skyscraper Management Magazine

Real Estate Research Corporation

1. Like Chicago, San Francisco has seen a considerable amount of conversion of older buildings and loft structures to office use. There have also been a number of new additions to existing buildings and several new smaller buildings have been built in various locations in the downtown area. (In the addenda to this report is a table showing new office buildings built or substantial additions made, together with contractions, from May 1, 1947 to date. Altogether, there has been added in this period approximately 1,000,000 net square feet in downtown office buildings including the new Equitable Building, or a little over 100,000 square feet per year. If conversions were included it would probably amount to an average of better than 150,000 square feet per year. Some of this space is not used for administrative functions, but is devoted to medical or other professional purposes.

2. San Francisco has absorbed this 150,000 plus square feet per year despite a very substantial movement from downtown to outlying office locations. Field inspections, interviews with industrial organizations, data from the Building Owners and Managers Association, and material submitted to us by the San Francisco Bay Area Council of enumerations which they have made --- all indicate that a considerable movement to outlying locations has taken place. This is very little different from many other cities.

   Movement to outlying locations in San Francisco has frequently been to accommodate a trend to consolidate plant and office at a single location by those organizations having no important functional relationship with a financial district and administrative center in Montgomery and Sansome. The consolidation of office and plant is a trend common in many American cities and has resulted from the development of air-conditioning, sound proofing, air purification techniques, and modern lighting which have made it possible to create desirable offices in or adjacent to manufacturing facilities. It is no longer necessary to locate at a distance in order to have efficient office space, and considerable economies can be effected through combination.

   Similarly, congestion downtown and the desire for more park-like surroundings have combined with the impetus of rising rents in downtown San Francisco to prod organizations that have no functional reason for being downtown to move to outlying areas. Many such organizations have been in downtown

San Francisco for many years, but rising construction costs, relatively cheap downtown rent and the lethargy of long-time location kept them in the older San Francisco office buildings in the downtown area. As they needed additional space, however, and as rent began to approach $0.30 per square foot per month, it became possible for these organizations to reproduce their facility in an outlying location and have modern, air-conditioned space without increasing occupancy costs.

Our analysis of the data submitted to us, and of space used in the downtown area and in outlying areas, tends to indicate that this movement has very decidedly passed its peak. There are now a much smaller number of organizations left in the Administrative-Financial Area which do not have a direct functional relationship to the area. What movement of this type continues is balanced by an almost equivalent movement from outlying areas to downtown of offices which have developed need for adjacency to one or more of the institutions which make up the functional Financial Area.

The disparity in the trends between the Oakland office buildings and the San Francisco office buildings and the fact that there is little office movement between the two cities would imply that there is little substitutability as between office space in one community and the other. This has been borne out by our field studies. It is now extremely doubtful whether very low rents, a large vacancy, or a large new office complex in Oakland, or any combination of these, would have any very measurable effect on the downtown San Francisco office market, particularly that centered in the regional Administrative-Financial Area. There are very few offices here which could afford (from a functional standpoint) to move.

We have also found that there is a low level of substitutability between certain office groupings within San Francisco itself. Of the 12,000,000 odd square feet of office space in San Francisco, no more than about 7,000,000 square feet is contained in Class "A" and "B" office buildings in the regional Financial-Administrative Area. The balance of space is in medical buildings, loft structures or, with a few exceptions, in Class "C" and "D" buildings.

In connection with this analysis, we have conducted a detailed confidential survey in 87 multi-tenant buildings, comprising a total net floor area of 6,011,229 square feet, representing about an 85 per cent plus sample of the total Class "A" and Class "B" office space in the Financial-Administrative Area. The following page contains a copy of the questionnaire used in this survey, and there follows that a map showing the buildings surveyed. These 87 buildings showed a total vacancy in May 1956 of only 1.8 per cent, including some space in the Equitable Building which was still engaged in original renting at the time of the survey. Even allowing for some under-reporting on vacancy, this is an extraordinarily low rate and corresponds only with the situation in Class "A" buildings in the regional Financial Area in New York and the La Salle Street area in Chicago. Analyzed further, the vacancy is only 1.1 per cent in the large buildings (150,000 square feet and over) and, if only the buildings on Montgomery, Sansome, California and Battery are included (areas A, B, C, and D in the tables and maps herewith), the vacancy is just barely over one per cent. The vacancy is slightly higher in the lower Market Street area and on New Montgomery.

The history of office building operations indicates that it is both uneconomic and hazardous to operate office buildings at such a high degree of occupancy over long periods of time. The reason for this is that office buildings perform a service at a price which is based upon the assumption that there will be some space flexibility. All other things being equal, a typical tenant will pay a little more to be in a large office building than in a small one because he knows that additional space will be available to him if he needs it on either a temporary or permanent basis. This is the reason, for example, why institutions constructing their own office buildings frequently provide a substantial amount of space for other tenants. The decision to do this is not ordinarily based upon the desire to embark upon the real estate business and to profit from the construction and renting of space but by the necessity of seeing to it that additional space is available to them for expansion --- and usually much of this additional space is on short term leases.

As a matter fact, it is undoubtedly true that occupancy in San Francisco buildings is even tighter than indicated by the 1.8 per cent vacancy. Some of this represents temporary and transient situations and is not a true market situation at all (for example, during the peak of the housing

OFFICE SPACE SURVEY (CONFIDENTIAL)

This is an official Office Space Survey conducted for the Planning Commission of the City & County of San Francisco with the approval of the Building Owners & Managers Association of S. F.

The former wholesale produce market area, generally north of Market and east of Battery, will be redeveloped with new uses. This survey is one of the economic studies by which it will be determined whether a portion of this area might be used for office buildings. Such new developments would add to the supply, beneficially buttress the present financial district, and attract new business to the city.

Current vacancy and rent data are sought in order to estimate the market. A comparison with data for earlier years will help to indicate trends.

The individual questionnaires ARE CONFIDENTIAL, and will be seen only by the researchers. Results will be released ONLY IN STATISTICAL TABLES in which an individual building cannot be isolated. Your co-operation is requested by B.O.M.A., the Chamber of Commerce and the city.

A. Building Population

Estimated total building population _____ persons.

B. Net Rentable Floor Space entire building (incl. ground floor) by type and occupancy. "Other" types include special uses, basement or storage space, not including parking.

Net Rentable	Total sq. ft.	Retail sq. ft.	Offices sq. ft.	Other sq. ft.	Type Name
Total	_____	_____	_____	_____	_____
Occupied	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____

C. Do you have any automobile parking facilities within your building _____? (yes or no)

If yes:

a. How many stalls? _____ b. How many square feet in parking? _____

D. Trend in Occupancy - Office Space only

Sq. Ft. Occupied

October 1955 - _____

October 1954 - _____

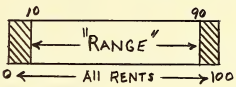
October 1953 - _____

OFFICE SPACE SURVEY (CONFIDENTIAL)

(Continued)

E. Range of typical office space rents, by year, by zone:

The "range" sought here is the middle 80%, eliminating both the high and the low 10 percents. Thus –



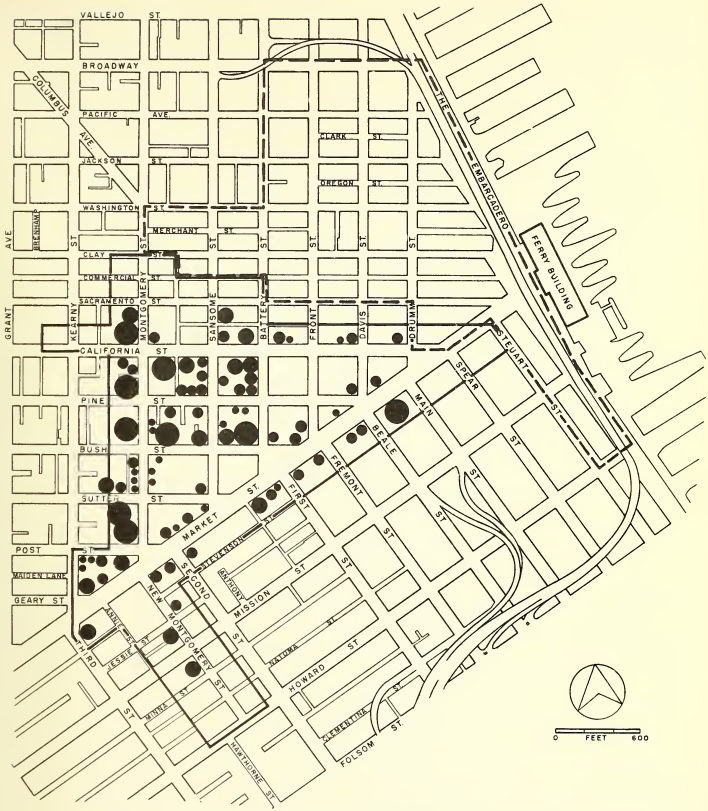
If office rent varies substantially with location (e.g. tower space, inside space, front or rear locations, upper floor area, "light side", etc.), please show separately for each category.

Location or Zone (describe)	Monthly rent per square foot			
	Current	April 1955	April 1954	April 1953
_____	____¢ to____	____¢ to____	____¢ to____	____¢ to____
_____	____¢ to____	____¢ to____	____¢ to____	____¢ to____
_____	____¢ to____	____¢ to____	____¢ to____	____¢ to____
_____	____¢ to____	____¢ to____	____¢ to____	____¢ to____
_____	____¢ to____	____¢ to____	____¢ to____	____¢ to____
_____	____¢ to____	____¢ to____	____¢ to____	____¢ to____

F. Demand:

(1) For what kind of space do you find it hard to meet the demand?

(2) At what price



OFFICE BUILDINGS SURVEYED IN FINANCIAL-ADMINISTRATIVE DISTRICT

- OUTLINE OF SURVEY AREA
- OUTLINE OF AREA E
- OVER 150,000 SQ. FT. OF FLOOR SPACE
- 75,000-149,999 SQ. FT. OF FLOOR SPACE
- 25,000-74,999 SQ. FT. OF FLOOR SPACE
- LESS THAN 24,999 SQ. FT. OF FLOOR SPACE

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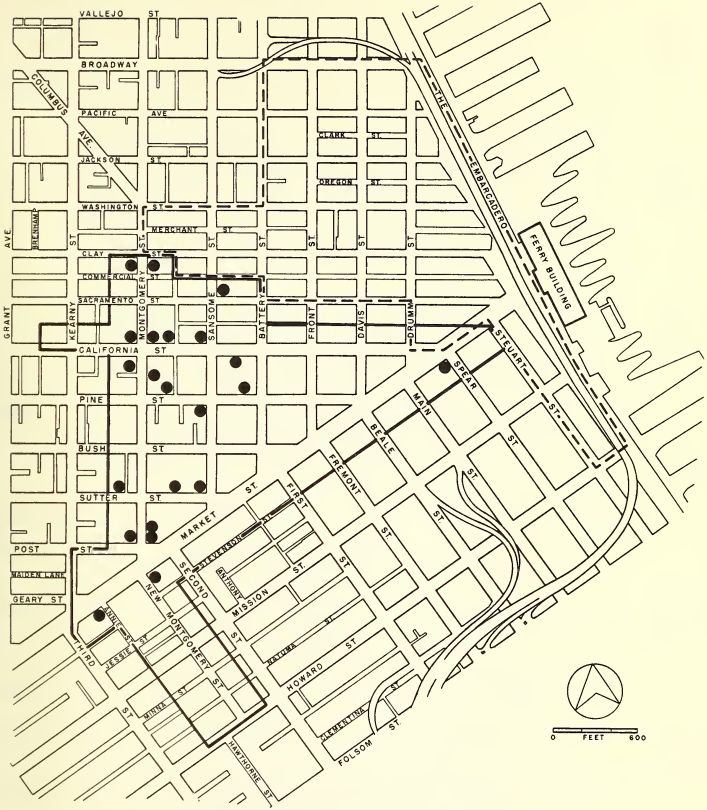

MAJOR FINANCIAL INSTITUTIONS SURVEYED
IN FINANCIAL-ADMINISTRATIVE DISTRICT

—— OUTLINE OF SURVEY AREA

– – OUTLINE OF AREA E

● LOCATION OF SURVEYED INSTITUTIONS

MARKET ANALYSIS AREA E - 1956 SAN FRANCISCO, CALIFORNIA
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shortage there was always a small vacancy representing extra-market peculiarities). If we assume, however, this vacancy of 1.8 per cent represents the present market balance and current rental rates of office space in the regional Financial-Administrative Area, it would appear that the market could immediately absorb between 200,000 and 300,000 square feet of Class "A" space and still maintain current rentals and occupancy levels in the regional Financial-Administrative Area of better than 95 per cent.

It should be noted, however, that there are presently projected several office buildings for downtown San Francisco which will probably aggregate about this amount of space. Building permits have already been issued for these structures and a list of them with their locations follows:

Table 7. NEW OFFICE BUILDINGS PROPOSED OR UNDER CONSTRUCTION AND OFFICE BUILDING RENOVATIONS AND DEMOLITIONS IN DOWNTOWN SAN FRANCISCO

Date of Permit	Building	Action	Square Feet
December 1955	Pacific Mutual Building (California and Kearny)	New	71,840
April 1956	International Business Machines (Market and Front)	New	50,000
April 1956	(101 Post Street)	Demolition	16,067
April 1956	American Fore (Pine and Battery)	New	36,000
June 1953	Transamericana Corporation (Montgomery and Columbus)	Renovation	17,000
January 1956	First Western Bank (California and Montgomery)	Renovation	164,000
November 1953	Union Oil Company (Harrison and First)	New and Renovation	70,226

Table 7. NEW OFFICE BUILDINGS PROPOSED OR UNDER CONSTRUCTION AND OFFICE BUILDING RENOVATIONS AND DEMOLITIONS IN DOWNTOWN SAN FRANCISCO

(Continued)

Date of Permit	Building	Action	Square Feet
April 1956	Zellerbach Building	New	200,000 +
August 1955	Fireman's Fund (California and Laurel)	New	142,750

Sources: Building Owners and Managers Association and San Francisco Department of City Planning.

N.A.: Not available.

If these buildings are completed, as projected --- or let us say that they were immediately available for renting --- we would have in San Francisco a current relative balance between supply and demand at a desirable occupancy rate. It is our opinion that this amount of space, even if available, could be absorbed without adverse affect on the existing office market.

Our studies have shown, however, that new space and conversions have added about 150,000 square feet of space per year to downtown San Francisco. In addition, there has probably been about another 100,000 square feet per year vacated by tenants who do not need to be in the downtown area and have moved to outlying locations. Inasmuch as there are reasons to believe that this movement has now declined and is presently being offset by a reverse trend, the present rate of expansion in demand for office space in the regional Financial District would appear to be at the rate of about 250,000 square feet per year.

We have no way of knowing with exactitude whether or not demand will continue to expand at this rate. It is, however, our opinion that a four or five year marketing program would see the addition of a million to

a million and a quarter square feet of office space without either price demoralization or excessive vacancy in existing structures if it is placed on the market at a rate not to exceed say 250,000 square feet per year. This conclusion is borne out by the fact that the Equitable Building in 1955 placed on the market more than 300,000 square feet at one time (including, of course, Equitable's office) at a time when both rents and occupancy were increasing, and the indications are that rents and occupancy are higher today than when the Equitable Building opened.

We have analyzed business done by the financial institutions in the regional Financial District insofar as is possible through a study of federal reserve figures, and time and demand deposits in the San Francisco area. This, together with a physical inspection of space, has led us to the conclusion that for the last five years, space needs have increased at the rate of about five per cent per year. Our space survey of the regional Financial-Administrative Area indicates that in major financial institutions there exist today approximately 398,211 square feet. Most of them appear to need additional space now. If their space needs continue to expand at the rate of five per cent per year for the next five years, as they have for the last five, they will need an additional 99,500 square feet. Some of this can be in new spaces, but most of it will be created through the displacing of tenants in existing buildings which will in turn create a demand for an equivalent amount of general office space. There should be a small additional market created from nearby uses in connection with the Customs House.

In contemplation, therefore, of a five year market program for office space, we see a market for additions to supply of about a million and a half square feet of net rentable area. Multi-storied downtown office buildings today cost about $25 per square foot of net rentable area to construct. To maintain Class "A" service and to amortize this cost requires an average rental in the neighborhood of $5.00 per square foot of net rentable area per year at the level of San Francisco construction cost and land values, or about $0.40 per square foot per month. If it were possible to achieve costwise, it would be desirable from the market standpoint if something under half the space placed on the market in the next five years could be done so at rates not to exceed $0.35 per square foot of net rentable area per month involving somewhat lower density buildings (six stories or less) and large areas of gross floor space with fewer partitions, which could be constructed for

a slightly lower cost. Thus, it would be desirable if about half the space were in buildings comparable to the Equitable Building and half in buildings similar to the one at 350 Sansome.

The proposed zoning ordinance for San Francisco contains a C-3 district with a bulk limitation based upon Floor Area Ratio of 20; that is, not more than 20 times the land area can be built in gross floor area. A million and a half square feet of net rentable area would require gross area from outside wall to outside wall, of about 2,000,000 square feet. On the 20 FAR basis, this would only require, strictly speaking, about 100,000 square feet of land or a little over two acres. It is likely, however, that the average FAR established in the Redevelopment Plan for office space will be substantially lower both from the market standpoint (which makes some low density buildings desirable as well as high density ones) and from the standpoint of community services, aesthetics and the like. This is, however, strictly a matter of policy and may be governed partially by land costs. The price at which the land can be sold will be determined to a great extent by the specific terms of the Redevelopment Plan. If the average FAR were, say, seven in the Redevelopment Plan, there would be required about 300,000 square feet of land for new office buildings plus additional parking for about 1,000 automobiles. If the parking were the ramp-garage type on three levels, this would mean a need for about 100,000 square feet of land for parking, or a total of about 400,000 square feet or ten acres.

The full market range is probably between seven and 15 acres, and it is conceivable that it could go even higher. Our calculations of ten acres have been based upon the assumptions:

a. That the present rate of expansion of demand will continue unchanged.

b. A FAR of seven.

The acreage involved will, of course, have to be adjusted (as will the fair cash market value of the land) in accordance with whatever FAR figures are established in the Redevelopment Plan.

What are the market variables for the next few years? We see little likelihood of contraction of a present rate of demand unless there is

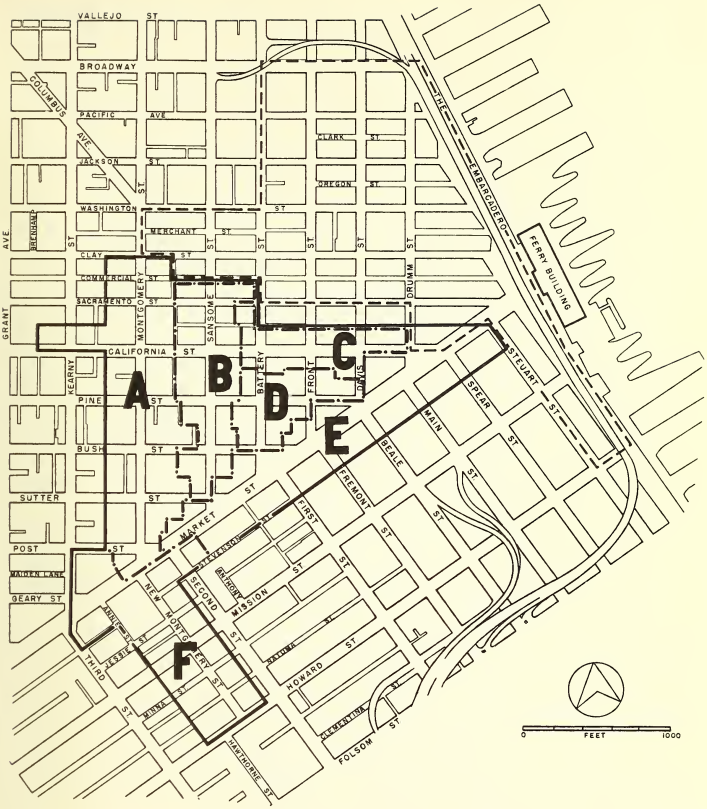
an important shift downward in the dynamism of our economy --- which we do not anticipate during this period. On the up side, it is not at all unlikely that a dramatic Redevelopment Plan achieving plaza-like surroundings, like Rockefeller Center in New York, the Golden Triangle in Pittsburgh and the projected Fort Dearborn Development in Chicago, done in a highly modern and highly aesthetic manner, could itself tend to heighten demand. Very frequently, the effect of a project like this can be cumulative in attracting businesses which would otherwise locate in outlying areas or in other communities.

From this standpoint, it is desirable that the Redevelopment Plan contain some element of flexibility so that alteration in demand over the five year marketing period can be accommodated through alternative uses.

The most desirable and most marketable locations for the area to be set aside for office expansion would be at the extensions of Montgomery and Sansome Street in the general area bounded by Battery, Montgomery, Commercial and Washington. If there is to be variation in density, the highest density should be farther south to maintain the highly desirable heavy concentration of facilities all within easy walking distance of each other in the regional Financial Area. The lower density buildings could either be in the Battery Street area or as far north as Washington. As a matter of fact, from the standpoint of preserving the important concentrated character of this Financial District, it might well be desirable to utilize the full FAR of 20 in the areas immediately adjoining the Financial District on Montgomery and Sansome.

Median rentals are now in the neighborhood of $0.40 on Montgomery Street and better than $0.35 on Sansome. Lower downtown rentals occur on Market Street, New Montgomery and other locations.

An examination of possible competition has disclosed that there are surprisingly few desirable locations which could conceivably be considered for office building construction. Land ownership in downtown San Francisco has been fractionalized to an extraordinary degree. There are comparatively few sizable holdings left. Land values are high and all of the sites contain substantial improvements to a greater or lesser degree. The next large office building comparable to the Equitable or Zellerbach Building in San Francisco will either be built in an "off" location or will require the assemblage of several parcels of land and the demolition of substantial structures unless it is built in Redevelopment Area "E."



LOCATION OF SUB-AREAS WITHIN FINANCIAL-ADMINISTRATIVE DISTRICT

——— OUTLINE OF SURVEY AREA
– – – OUTLINE OF AREA E
—·— OUTLINE OF SURVEY SUB-AREAS

A. MONTGOMERY STREET AREA
B. SANSOME STREET AREA
C. CALIFORNIA STREET AREA
D. BATTERY-PINE STREET AREA
E. LOWER MARKET STREET AREA
F. NEW MONTGOMERY STREET AREA

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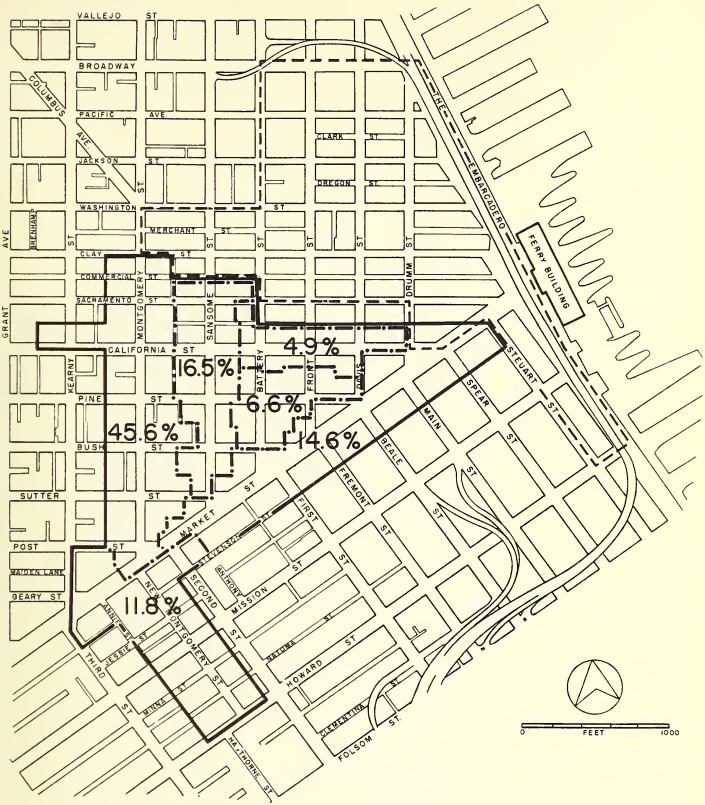

NET RENTABLE OFFICE SPACE
IN FINANCIAL-ADMINISTRATIVE DISTRICT

——— OUTLINE OF SURVEY AREA
– – OUTLINE OF AREA E
—·— OUTLINE OF SURVEY SUB-AREAS
10% PERCENTAGE OF NET RENTABLE SPACE

MARKET ANALYSIS AREA E - 1956 SAN FRANCISCO, CALIFORNIA
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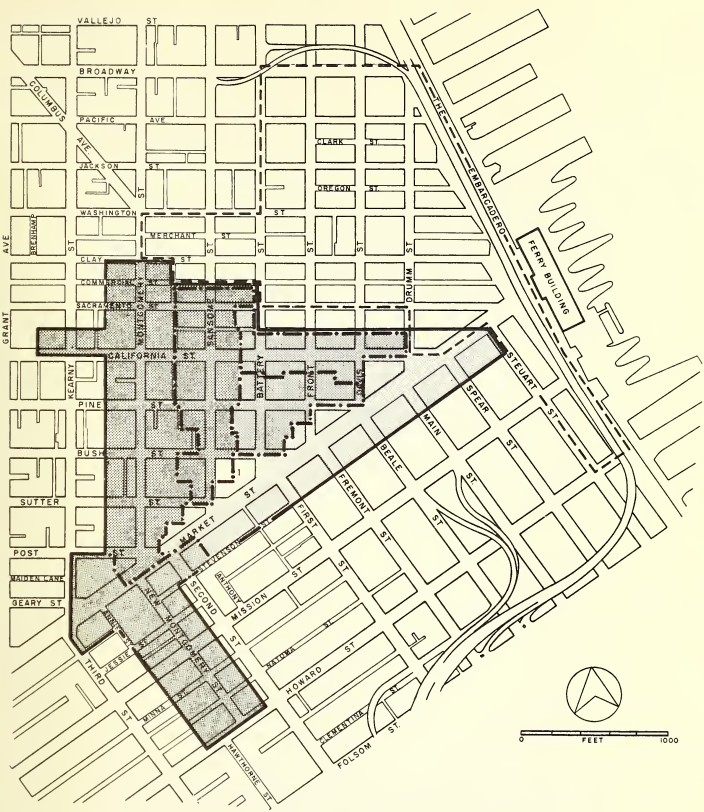

MEDIAN RENT IN FINANCIAL-ADMINISTRATIVE DISTRICT SUB-AREAS

——— OUTLINE OF SURVEY AREA
– – – OUTLINE OF AREA E
—·— OUTLINE OF SURVEY SUB-AREAS

35-40¢ PER SQ. FT. PER MONTH
30-34¢ PER SQ. FT. PER MONTH
} INCLUDES SOME SCATTERED LOCATIONS WITH MEDIAN RENT OF OVER 40¢ PER SQUARE FOOT PER MONTH.
25-29¢ PER SQ. FT. PER MONTH
LESS THAN 25¢ PER SQ. FT. PER MONTH

[1]NEW BUILDING BEING CONSTRUCTED TO USE THIS BLOCK.

MARKET ANALYSIS AREA E - 1956 SAN FRANCISCO, CALIFORNIA
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C. Marketability of Land for Hotel-Motel Use

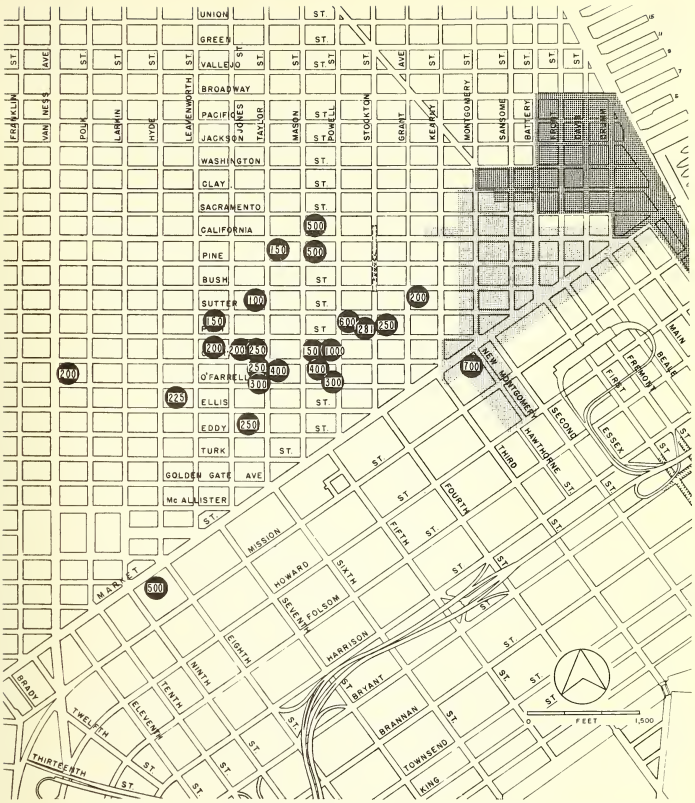
A detailed inventory of hotel facilities in San Francisco and its immediate environs indicates that there are 22,665 hotel rooms in 207 buildings which makes San Francisco one of the largest hotel cities in the United States. This compares, for example, with the 35,000 hotel rooms in Chicago --- a much larger city. This is not, however, by any means the whole story. Of these 22,000 odd hotel rooms, only 2,944 of them are in what the Hotel Employers Association classifies as Class "A" hotels (the Mark Hopkins, the Fairmont, the Sheraton-Palace, the Saint Francis, the Sir Francis Drake, and the Clift); and, only 1,726 rooms are in the seven hotels which they classify as Class "B."

Table 8. HOTEL, MOTEL, AND OTHER TRANSIENT FACILITIES IN SAN FRANCISCO, CALIFORNIA

	Number of Hotels	Number of Rooms
Class "A" Hotels	6	2,944
Class "B" Hotels	7	1,726
Class "A" Motels	49	1,343
Other Motels and Hotels, including the YMCA and other Transient Facilities	145	16,652
Total	207	22,665

The rate structure is such that the Class "A" hotels average about $8.50 single; the Class "B" hotels range from $6.50 to $8.50. The Class "A" motels run from $6.00 to $8.00, and the balance range largely from $1.00 to $5.00, many of them without baths, of course.

As in all American cities, and particularly in the west, there has been a substantial amount of motel construction in the last few years. Some of it has been of the "in town" type and others have been built on the highways just outside the city limits. The 1,343 units used in the



DISTRIBUTION OF MAJOR HOTELS IN DOWNTOWN DISTRICT

OUTLINE OF SURVEY AREA
OUTLINE OF AREA E
MAJOR HOTEL
250 NUMBER OF ROOMS

MARKET ANALYSIS AREA E - 1956 SAN FRANCISCO, CALIFORNIA
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tabulation above came from the Harris-Kerr-Forster and Company survey as of June 1955; it shows 735 units were then in the city limits and 606 were not. There undoubtedly have been other motels opened recently, but there is no specific inventory. Their survey of the East Bay motels showed 1,576. The rate of construction over here has, however, been very slow as of the 1,576 motels, 1,140 were built in 1950 or earlier.

This motel construction, particularly inside San Francisco, has had a very sharp affect on the smaller hotels. Table 9 shows a tabulation by the San Francisco Hotel Association which reflects this trend.

Table 9. OCCUPANCY OF CLASS "C" HOTELS IN SAN FRANCISCO, CALIFORNIA

Date	Average Occupancy
1951	79%
1952	80%
1953	77%
1954	71%
1955	71%
1956 (to April 8)	72%

The construction of 1,000 motel rooms in and around San Francisco in the last five years has had, however, no discernible affect on the Class "A" and Class "B" hotels as indicated by the occupancy figures from the Hotel Employers Association shown in Table 10.

Table 10. OCCUPANCY OF CLASS "A" AND "B" HOTELS IN SAN FRANCISCO, CALIFORNIA

	Average Occupancy	
Date	Class "A" Hotels	Class "B" Hotels
1951	84.2%	81.0%
1952	85.0%	80.0%
1953	83.0%	79.4%
1954	82.7%	77.4%
1955	85.0%	78.0%

No current figures are available separately on motel occupancies. From observation, however, it would appear that the Class "A" motels are approximating the levels of the Class "B" hotels with which they are directly competitive pricewise.

That these figures are substantially superior to the national average is indicated in Table 11 which shows the Harris-Kerr-Forster and Company occupancy data based upon a sample of their own. This table shows San Francisco as compared with Chicago and New York (the two largest convention communities in the country) and against a figure which this organization developed as a nationwide average.

Table 11. TRENDS IN HOTEL OCCUPANCY

	1953	1954	1955
San Francisco	82%	81%	82%
New York	79%	80%	80%
Chicago	73%	78%	79%
Nationwide Average	72%	73%	73%

The hotel market status as of the date of this report, therefore, shows that despite the large number of hotel rooms in San Francisco and despite a fairly active motel growth, occupancies and rates here in Class "A" and "B" hotels are higher than elsewhere in the country. Of the total of 4,640 Class "A" and "B" hotel rooms, at least 20 per cent, according to the Hotel Employers Association, are occupied by permanent guests, leaving only about 3,500 rooms available for convention business. Estimates are that only ten per cent of hotel occupancy in San Francisco now comes from conventions and meetings. This compares with 25 to 30 per cent for Chicago, for example, and it is an extraordinarily low figure for a city that is renowned as being one of the favorite convention spots in America. The fact is, of course, that San Francisco is not getting anywhere near the amount of convention and meeting business that it might. It is widely thought of as being a "convention town," because like New Orleans, it is a community that many Americans like to visit. At the present time, there are several severe limitations on the amount and kind of convention which San Francisco can get. These are:

1. The availability of only about 3,500 rooms in Class "A" and "B" hotels.

2. Lack of a large convention facility.

3. Need of a dining hall that will accommodate 2,000 people or more.

4. Lack of a large number of rooms for discussion groups with an average seating of 30 to 50 each. (This has been emphasized by the San Francisco Convention and Visitors Bureau.)

5. The lack of a hotel with exhibit space and in addition having from 500 to 800 rooms under one roof.

The net result of this situation is that two hotels, the Conrad Hilton and the Palmer House, in Chicago together can handle any convention that can be handled by the entire City of San Francisco, and with superior facilities, as to convenience, banquet space, and exhibit space. It is, of course, largely this situation which has prompted current plans for a convention hall in San Francisco. The effect of this convention hall, however, on the economy of San Francisco will be

negligible unless additional centrally located hotel facilities are created as well. It is very clear that a tremendous market exists. This is borne out by the fact, according to the Hotel Employers Association, that with a total of 3,100 motel rooms in the San Francisco and Oakland area, another 4,000 motel rooms are currently under construction or planned and with locations already chosen. The principal market effect of these additional 4,000 rooms, however, will be continued obsolescence of Class "B" and "C" hotels inside San Francisco without substantially increasing the draw of the community for vacation or convention business.

If a substantial market exists, the question might then fairly be asked as to why no new major hotel has been constructed in San Francisco for several decades. The reasons are these:

1. The tremendous fractionalization of land ownership all throughout San Francisco has made it difficult for anyone to acquire an adequate site for a major hotel. Several hotel companies have, we are informed, made attempts.

2. Land cost in San Francisco is very high.

3. Hotel construction costs of the standard commercial downtown hotel type are extraordinarily high and make pay-out on new construction extremely difficult. (Note that in New York, where more downtown office space has been built than in the rest of the North American Continent put together, there has not been a single hotel room built for many years.)

4. Hotel service labor costs are higher in San Francisco than in any other major city in the country.

The answer to this dilemma can only be reached: first, through there becoming available a large area of well located land at a reasonable price on which such a hotel could be built; and secondly, through increase in function, business and increased food and beverage profits. In your analyst's opinion, a hotel complex, if properly located, of 1,000 to 1,200 rooms could maintain occupancy at 80 per cent and rates of $10 single and $14 double (note that San Francisco is the only major city in the country that has higher hotel occupancy in June, July and August than in the other months of the year). We believe that

such a unit would competitively neither reduce occupancy nor rates in the other hotels, because it would make possible convention business not now coming to San Francisco. In this respect, however, the location of the hotel is vital. It will attract additional convention business only if it is in one of two locations: (a) just west of Union Square or on Nob Hill --- or somewhere in between --- so as to be reasonably accessible to the other Class "A" hotels and, therefore, can be operated with them as a functional convention group, or (b) in combination with or adjacent to the new proposed convention hall.

In this latter respect, we have studied with some care the characteristics of Redevelopment Area "E" as a location for the convention hall and a large hotel complex. These two units in some combination could furnish not only the large meeting rooms and exhibit space normally thought of in connection with a convention hall, but also a large number of small meeting rooms and a banquet room to seat more than 2,000 people. Redevelopment Area"E" has the following substantial advantages for this functional grouping:

1. It is perhaps the only place well located in downtown San Francisco in which a large amount of land will become available in the near future.

2. Large areas of parking could be furnished immediately in conjunction with both the hotel and the convention hall.

3. Both the hotel and the convention hall could have an important functional relationship to the World Trade Center in the Ferry Building.

4. Such a complex would be a strong support for the regional Financial-Administrative District in this location in that it would (a) bring desirable conventions and meetings to its front door, (b) furnish additional hotel rooms, within walking distance, for people having business here (The Sheraton-Palace is the only one close), and (c) furnish additional meeting and group luncheon facilities of which there is a heavy shortage in this area now.

5. The parking area for the convention hall and the hotel could be entered directly from the Embarcadero Expressway. Thus,

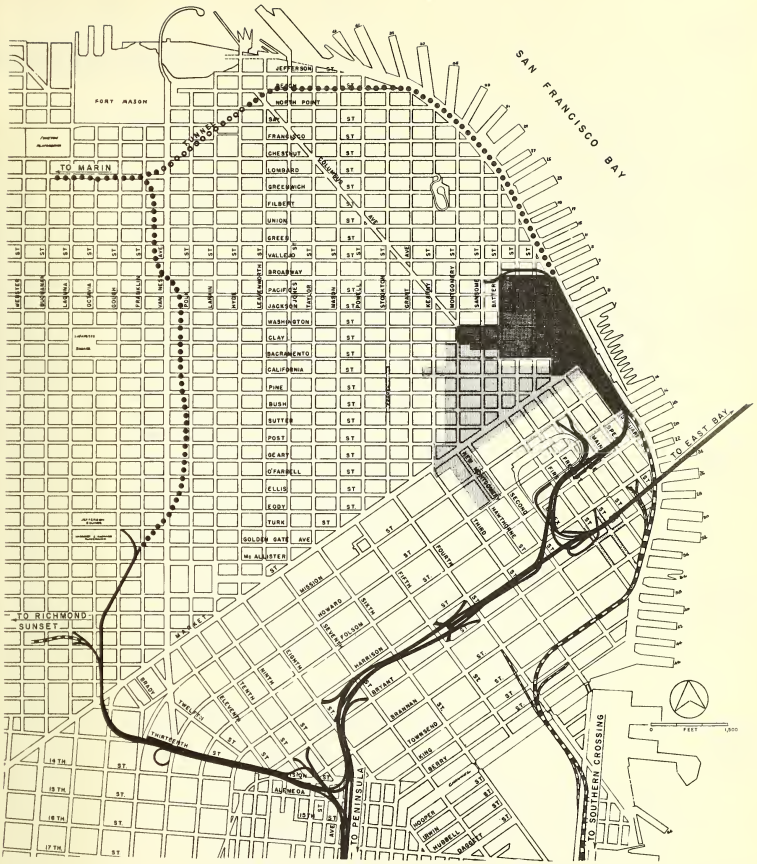
many of those going to a meeting in the hotel or convention hall and travelers coming to the hotel could drive directly to these facilities without ever being on the local streets of San Francisco. This would result not only in considerable convenience for the conventioner and traveler, but the saving in congestion in downtown San Francisco would be tremendous.

6. This is also within walking distance of the transit terminal south of Mission Street.

A low density hotel in this location together with garage parking on not over three levels, would require about 300 square feet of land per room, or a total of about 300,000 square feet or about seven acres. The convention hall would require about five acres and parking for about 2,000 cars. At 300 square feet per car on one level, this would equal another 15 acres.

As a functional unit, this complex of hotel, parking and convention hall could be considerably enhanced if the downtown airlines' terminal were located here as well. This placement would make this, on a clear cut basis, the convention center for San Francisco and would result in easy transportation from the airport directly to the convention hall and hotel as well as easy access by automobile. This would have the additional advantage of completely removing airport buses from San Francisco city streets.

The airline terminal will require about one acre of land in order to have about 10,000 square feet of space for airline ticket selling, together with various baggage handling and related functions, plus circulation and waiting room space and a weather protected limousine loading area with six loading bays and minor concessions. In addition, about 400 parking spaces should be furnished --- making a total of about four acres. The development could also incorporate a helicopter landing pad roughly 500' x 500' either at ground level or as a deck in conjunction with the parking and airline terminal. This could efficiently be operated in conjunction with the airline terminal.



FREEWAY DEVELOPMENT PLAN

- FREEWAY EXISTING OR UNDER CONSTRUCTION
- FREEWAY UNDER STUDY
- FREEWAY DEFERRED
- SURVEY AREA
- AREA E

MARKET ANALYSIS AREA E - 1956 SAN FRANCISCO, CALIFORNIA
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If a 1,000 to 1,200 room hotel were constructed in the manner previously described, it would not adversely affect the rate structure or occupancy of existing hotels in San Francisco. It would, as a matter of fact, have a favorable affect through its influence on the convention structure of the community. If, however, the hotel could not be located in immediate conjunction with the convention hall, its market, if placed in Redevelopment Area "E," would be substantially reduced.

We still believe, however, that a considerable market for hotel space would exist in this area to supplement the hotel rooms furnished the Financial-Administrative Area by the Sheraton-Palace, and to accomplish addition of meeting rooms and luncheon facilities on its periphery. Without the additional food and beverage business which a convention facility would create, we are, however, again faced with the financial dilemmas created by high construction costs relating to hotels and by the extraordinarily high San Francisco labor costs. This dilemma could be met by constructing, instead of a standard hotel structure, an inexpensively built motor-hotel similar to those built in recent years in New Orleans and other communities. The cost of a low density motor-hotel would be less than standard hotel construction and their technique of operation, involving less service, results in lower labor costs.

We believe that a 300 room hotel on about three acres of land with adequate meeting rooms could achieve 80 per cent occupancy at the rate structure indicated hereinbefore. This development would not reduce occupancy in existing Class "A" and "B" hotels below 80 per cent, except as they are affected by economic factors of different origin.

D. Marketability of Land for Residential Use

1. The Bay Area Housing Market

The housing market in the Bay Area is peculiarly affected by geography and by man's efforts to compensate for geography.

The mountain ranges run from northwest to southeast and channel residential growth. The ocean, the bay and the Golden Gate have historically compressed and retarded development. The weather which comes from the Pacific brings the cold winds and fog which inhibit public acceptance of the ocean side of the coast range.

Transportation --- railroads, highways and most interurban street car lines --- follows the pattern of the bay shore. Until the 1930's, urbanization was primarily in the core cities --- San Francisco and Oakland-Berkeley --- and then growing gradually outward into contiguous level areas with only a few detached nuclei scattered along the transportation routes of the peninsula. With the opening of the two bridges in 1936 and 1937, a lateral growth was stimulated, particularly into the East Bay Area.

During the boom of the war years, the greatest growth was radial, filling in the gaps along the north-south railroads and highways. More recently, freeways and the increasing use of the automobile for commuting brought most of the contiguous level and sheltered land into use. The continuing outward expansion has been greatly facilitated by government supported easy purchase programs for single family homes, and by the tendency among tract developers to seek large parcels in single ownership while competition and costs have forced them farther into the peripheral agricultural areas.

Ten years of intensive construction have chewed up all but the smallest pieces of economically-feasible acreage and the remaining parcels are either remote from utilities or held at such prices as to force construction into even higher cost levels.

Now, urbanization is approaching the present limits of daily commuting to the central city; and transportation to remaining areas is too time-consuming, expensive or congested for further expansion.

Thus, though the immediate past trends have been away from the city, there are being created strong counter-forces --- a support for housing in the subject redevelopment area.

2. The Housing Supply and Demand - 1950

As noted earlier, the total population of the seven-county Bay Area as reported by the Census for April 1950 was 2,531,314. By the same source, the housing inventory consisted of 833,338 dwelling units. Of this number, 761,275 dwellings were occupied; 379,595 or 49.8 per cent were occupied by tenants.

Vacancies at the same time numbered 37,499 but of these only 19,086 or 2.3 per cent of all units were classified as being vacant on a nonseasonal, not dilapidated basis either for rent or sale.

The employed labor force of the Bay Area in April 1950 as shown on Table 1 was 965,389. This amounts to approximately 1.15 employed persons per dwelling unit, as compared with the national average of 1.30 employed persons per dwelling unit.

About 33,455 married couples or 5.5 per cent of the 603,680 in the area were living doubled-up with another couple.

In 1950 there was an estimated net unsatisfied demand for approximately 28,000 additional dwelling units.

3. Additions to the Housing Supply - November 1949 to January 1956

The number of dwelling units authorized by building permits in the various counties of the Bay Area between November 1, 1949 and January 1, 1956 is presented on Table 12 on the following pages. The November date is used because it is arbitrarily assumed that there is an elapsed time of six months between authorization and the time the unit comes on the market.

It would appear that over 208,000 additional units have been authorized in the Bay Area during the period; however, allowing for some mortality, redevelopment, demolitions for freeway or temporary housing removal as well as illegal conversions, it

Table 12. NUMBER OF RESIDENTIAL DWELLING UNITS AUTHORIZED BY BUILDING PERMITS
SEVEN COUNTY SAN FRANCISCO BAY AREA
NOVEMBER 1949 - DECEMBER 1955

Building Size: One Family, Two-Four Families, Five and More Families

County	1949 Nov. & Dec.	1950	1951	1952	1953	1954	1955
ALAMEDA							
1 family	1,081	6,558	5,535	4,667	4,343	6,156	8,147
2-4 family	157	962	1,101	1,463	1,040	614	546
5 and more	20	511	556	535	487	829	1,107
Total	1,258	8,031	7,192	6,665	5,870	7,599	9,800
CONTRA COSTA							
1 family	626	7,244	3,966	4,631	5,278	5,351	5,941
2-4 family	45	408	781	680	411	192	214
5 and more	17	25	33	151	45	72	153
Total	688	7,677	4,780	5,462	5,734	5,615	6,308
MARIN							
1 family	151	1,941	1,524	1,044	1,310	2,163	2,626
2-4 family	6	174	61	252	56	102	138
5 and more	-	104	67	144	6	110	159
Total	157	2,219	1,652	1,440	1,372	2,375	2,923

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Table 12. NUMBER OF RESIDENTIAL DWELLING UNITS AUTHORIZED BY BUILDING PERMITS
SEVEN COUNTY SAN FRANCISCO BAY AREA
NOVEMBER 1949 - DECEMBER 1955

Building Size: One Family, Two-Four Families, Five and More Families

(Continued)

County	1949 Nov. & Dec.	1950	1951	1952	1953	1954	1955
SAN FRANCISCO							
1 family	273	2,245	1,234	947	801	1,032	1,050
2-4 family	66	427	305	180	244	273	291
5 and more	314	876	152	1,245	1,065	1,057	614
Total	653	3,548	1,691	2,372	2,110	2,362	1,955
SAN MATEO							
1 family	997	7,209	5,122	4,805	4,525	7,044	7,492
2-4 family	64	478	635	638	489	471	407
5 and more	38	904	583	285	637	504	512
Total	1,099	8,591	6,340	5,728	5,651	8,019	8,411
SANTA CLARA							
1 family	718	8,352	5,723	7,127	5,958	10,202	10,577
2-4 family	92	514	587	578	601	744	534
5 and more	12	376	236	282	683	518	583
Total	822	9,242	6,546	7,987	7,242	11,464	11,694

Real Estate Research Corporation

Table 12. NUMBER OF RESIDENTIAL DWELLING UNITS AUTHORIZED BY BUILDING PERMITS
SEVEN COUNTY SAN FRANCISCO BAY AREA
NOVEMBER 1949 - DECEMBER 1955

(Continued)

Building Size: One Family, Two-Four Families, Five and More Families

County	1949 Nov. & Dec.	1950	1951	1952	1953	1954	1955
SOLANO							
1 family	146	648	1,079	1,301	1,018	1,717	1,893
2-4 family	8	42	141	274	185	16	24
5 and more	-	-	17	5	32	6	-
Total	154	690	1,237	1,580	1,235	1,739	1,917
SEVEN COUNTY TOTALS							
1 family	3,992	34,197	24,183	24,522	23,233	33,665	37,726
2-4 family	438	3,005	3,611	4,065	3,026	2,412	2,154
5 and more	401	2,796	1,644	2,647	2,955	3,096	3,128
GRAND TOTAL	4,831	39,998	29,438	31,234	29,214	39,173	43,008

Source: Bureau of Labor Statistics Worksheets of Building Permits Issued. BLS San Francisco Office, Appraisers Building, 630 Sansome Street, San Francisco.

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is our belief that the net addition to the housing supply is about 185,000 units. The inventory should now stand at 1,019,000 units.

4. Expansion of the Housing Demand - April 1950 to January 1956

Civilian employment in the Bay Area, as shown on Table has expanded some 194,400, to a total of 1,160,000. This works out to approximately 1.14 workers per dwelling unit, about the same as before.

5. Quantitative Reconciliation - Supply vs. Demand

It would appear that during the period since 1950, housing production has about kept pace with the needs of expanding employment, leaving a cushion of the 1950 net unsatisfied demand of 28,000 dwelling units.

The future appears to hold promise of needs continuing at the same rate of growth. Unpublished data from the Rapid Transit Commission study (Parsons, Brinckerhoff, Hall and McDonald) forecast for the period to April 1960 an annual average "high" net civilian inmigration of 72,300 persons. This would imply a need for about 22,800 units per year what with the demand created by the natural increase, and replacement would bring the total need back to 30,000 units per year.

6. Absorption of Supply

Just as the "proof of the pudding is in the eating," so too the strength of a housing market is shown in its ability to digest new additions to the supply. While some vacancy is healthy for reasons of selectivity and turnover, in those areas where large numbers of units have been added to the inventory, a situation of oversupply is quickly evidenced in substantially increasing vacancy rates in most sections of the market.

About 30,000 units have been added to the Bay Area housing market per year. While there are no regular series on vacancy maintained by any public agency or private organization in the area, there are some data which may be utilized

to observe the direction and perhaps the rate of any trend in relation to the landmark of the census. These are summarized on Table 13.

Often the volume of classified ads offering homes and rooms for rent will fluctuate in harmony with the vacancy rate. If a comparison of the volumes of ads carried during the months of April 1950 and 1956 by the San Francisco Examiner follows this tendency, the current rate for the San Francisco Metropolitan Area is about 2.6, still very low.

The local office of the Federal Housing Administration has conducted a series of complete vacancy surveys with the help of carriers of the post offices in a number of cities. The latest of these were in Santa Clara in February and in certain East Bay cities in April 1956. Bearing in mind the fact that the vacancy rates produced by this survey are "gross" (normally 70 - 80 per cent more than the net rates used by the census) the postal vacancy survey would imply a ratio lower than the 1950 rate.

The FHA surveys annually all privately built apartment projects financed with government insured credit. In past years, the vacancy rate in the Bay Area declined from 11.6 per cent in 1952 to 3.3 per cent in 1953, then rose to 6.7 per cent in 1955. From an unofficial and preliminary examination of the returns for 1956, it would appear that the rate has again dropped substantially, perhaps to under two per cent.

In conclusion it appears that the Area can absorb a net increase of 30,000 units per year with no signs of distress.

7. Substitutability

San Francisco proper has much in common with the older, intensively developed regional centers of the East. Its population density is the highest in the West, and the percentage of tenant occupancy is one of the highest in the country. Of the 2,000 units per year built since the census, about 850 have been in multi-family structures of more than five units. With the exception of a very few misplaced or perhaps overpriced apartment

Table 13. VACANCY INDICES IN SEVEN COUNTY SAN FRANCISCO BAY AREA

	Census April 1950	Classified Ads Index*, April 1950	Classified Ads Index*, April 1956	FHA 1956 Postal Survey	FHA 1956 Multi-Unit Housing Survey
BAY AREA	2.3				
Metropolitan Areas					
San Francisco Metropolitan Area	2.3	100*	117*		
San Jose Metropolitan Area	2.4			3.3	
City and County					
San Francisco County	1.5			2.2	1.3
Alameda County	2.1				2.9
Alameda	2.9			2.3	
Berkeley	1.4			1.7	
Oakland	2.0			2.3	
Contra Costa County	4.3				
Marin County	1.8				1.4
San Mateo County	2.8				1.4
Santa Clara County	2.4			3.3	
Solano County	3.0				

* From Special Report on Classified ads offering rentals (dwelling units and rooms), month of April annually, San Francisco Examiner.

offerings to come on the market, all new projects have been promptly absorbed. The significant proportion of those with above average income in the work force who are employed by national firms and hence subject to transfer strengthens the housing market.

While typically all housing within the Bay Area --- single-family or multiple, for owner or tenant occupancy, new or old --- is in competition, no site can match Redevelopment Area "E" if properly designed, particularly for convenience and appeal. Available ground outside the central city involves increasing travel friction, and land costs will price much of the territory out of the market.

The neighborhood in which Redevelopment Area "E" is situated is widely believed to have the best micro-climate in the city, being sheltered from the weather by intervening high ground. This and its central location should enhance its appeal to retired couples and those approaching retirement.

Finally, the almost disappearing amount of land available for new development in the central city will strengthen the market among inmigrants. The only sites which may be competitive will be two other redevelopment projects --- Diamond Heights (with space for some 2,300 units in low and medium density) and Western Addition (109 acres to be rebuilt for predominantly residential use of medium and high densities involving approximately 2,600 units). Part or all of these units may be coming on the market at the same time as those in the subject property. The market will be affected somewhat by these additions, but the subject site, by reason of the superior location and environment which it enjoys, will not be adversely affected.

8. The Demand for Housing in Redevelopment Area "E"

In order to test the market for housing in Area "E," a survey was conducted with the employees of firms located within one mile of the area. The sample was carefully selected with

the guidance of the Labor Market Analyst of the State Department of Employment. Those firms were chosen whose total employment was equal to about eight per cent of the employment in the downtown area --- that area from which the market for homes would largely be derived. The purpose of this survey was to determine the market attitude of these persons toward projected new high-rise apartments in Area "E," and to ascertain something of the economic characteristics and habits of these people as well as the preference for dwelling units among those persons indicating an interest in the projected development. A sample of the questionnaire used is included in the addenda to this report.

Five thousand two hundred fifty-one questionnaires, representing 73 per cent of the total employment of the surveyed firms in the area, were completed and returned. Approximately 52 per cent of the questionnaires were returned by men --- 48 per cent by women. Ninety-three and seven-tenths per cent of the respondents were white; 2.4 per cent were Negro; and 3.9 per cent were other races. The market attitude reflected in the tabulated results of this survey showed that 24.2 per cent of the respondents were interested in housing in Area "E," if developed, and the remainder or 75.8 per cent indicated that they would not be interested. Cross-tabulations of this survey revealed several interesting relationships which are presented in the tables at the end of this section and in the addenda to this report.

Home Ownership

Among the "disinterested" respondents there was a much higher degree of home ownership as well as a greater proportion of suburban living. These relationships are shown in Table

Sex

Although 52 per cent of the questionnaires returned were from men, women showed a greater interest in any projected development in Area "E." Twenty-seven and three-tenths per cent of the female respondents were interested

in living here as compared with 20.6 per cent of the males. Table 15 portrays these relative proportions.

Income

The income group of respondents was also found to have a direct relation to market attitude. Those who reported an interest in the high-rise apartments developed in the project area also reported a slightly lower annual income than was reported for all respondents. This relationship is shown in Table 16.

The median annual income for all households was $7,078, while the median annual income for those persons "interested" was $6,173.

Place of Residence

In studying the characteristics of those respondents who indicated an interest in living in the redeveloped area, a predominance of "draw" from the central city was noted and tabulated, together with the interest shown by county areas. This distribution appears in Table 17.

The high relative interest shown by residents of San Francisco County correlates with the relatively high proportion of tenants and multi-family structures which are found in this area, and which are proposed for Area "E" in this survey.

Commutation Cost

Unlike the correlations with tenure and place of residence, travel costs did not appear to have a strong influence on the market attitude of the respondents. Ninety-one per cent of both the "interested" and the "not interested" respondents living in San Francisco County, paid a fare not exceeding 30 cents to the downtown area. There was also a very close correlation between the two groups of suburban residents, as seen in Table 18.

Travel Time

Among those persons who indicated an interest in the project area development, travel time was not as excessive as might have been presumed --- 46 per cent already lived only one-half hour's one-way travel from work. The median one-way travel time for suburbanites, however, was 57 minutes. Table 19 contrasts the city and suburban dwellers' commuting times.

Transportation

Forty per cent of the "interested" suburban respondents now commute to work on the train; 30 per cent use buses. Residents of San Francisco reported 18 per cent walked to work and only 14 per cent used a private car as opposed to 28 per cent of the residents of the other areas who used their cars for the daily trip to work.

Parking

For many of those persons who drive to work, downtown parking presents a problem which is reflected in the market attitude of these respondents. Among those persons indicating an interest in housing in Area "E," 16 per cent had to park from five to seven blocks from work, while another 12 per cent had to find parking at eight or more blocks from work. Although 20 per cent of the drivers were able to park free of charge, the median fee for parking for those who had to pay, was approximately $0.70. Twenty-two per cent of the "interested" drivers who paid to park indicated that it cost them $1.00 or more for this privilege.

Family Composition

Looking towards the demand for apartments in various size groups, the details of the "interested" respondents' living arrangements were obtained in terms of present family size, composition, and number of children who were under 18 years of age. In some instances, there were indications that the present composition of some of the families might

deviate when the respondent entered the market --- parents whose children were leaving home, for example, or single girls who would club together for a nearby apartment. At present, almost half of the "interested" respondents lived with a spouse or members of their family. Only seven per cent of the interviews showed other persons to be sharing the unit with the family. Thirty per cent of the respondents lived alone, and 15 per cent lived in rooming houses or shared space with another nonrelated person. Eighty per cent of the favorable responses came from persons who reported having no children, and 11 per cent showed a family composition including one child under 18 years of age.

Factors which influenced an "interested" market attitude among the respondents have been presented in the preceding paragraphs. The negative market attitude, or those persons "not interested," was represented in about 77 per cent of the cases by respondents indicating that they were satisfied with their present housing situation. Approximately 80 per cent of this latter group were home owners. Another 12 per cent of the "not interested" group indicated that they would not like the site even if it were redeveloped. Approximately 80 per cent of this group were tenants. Other reasons for an unfavorable attitude were indicated by the remaining 11 per cent --- the most significant negative response in this group being that the projected development was inappropriate for families with children.

Tabulations from this survey were also made to determine something of the qualitative and quantitative demand for housing in Area "E." In this instance, the present and desired housing characteristics of the respondents were tabulated as were their economic characteristics. Cross tabulations of characteristics in these groups show certain qualitative and quantitative trends which exist and which must be met by any housing developed in the project area. These tabulations are summarized below.

Size of Family and Size of Unit Desired

Almost 70 per cent of the returns were from single persons or two person families --- this latter group comprising approximately 39 per cent of the total. Whereas this group shows a structural dominance in the market, it is likely that it is even an under-statement of the market demand from this source. It is evident that persons who now live with families, and who are planning to set up smaller separate quarters, also constitute a portion of this market. However, our tabulations here are based upon present living arrangements and do not include this group. The relationship between present family size and desired unit size among those persons who showed an interest in the projected development is shown in Table 20. Almost 55 per cent of this group indicated a desire for units of less than two bedrooms; 8.8 per cent showed a preference for an "efficiency unit" with no bedroom; 34.6 per cent wanted two bedroom apartments; and 10.6 per cent desired three or more bedrooms. At the time of this survey, however, it was not possible to indicate any projected rent levels. Under these circumstances it is possible that the unit size indicated may well have been increased by respondents by "wish-impulse."

Monthly Rental

The present monthly rentals paid for the dwelling units occupied by both the "interested" and the "not interested" tenant-respondents are shown in Table 21. The median rent for all "interested" respondents' dwelling units was $66, and for those "not interested" it was $64. It is significant that among the latter, the median rent of suburban dwellers was slightly over $16 higher than the rents of San Francisco residents.

Rent to Income Relationships

Although the data collected on income include in some instances incomes of two or more persons in one family, these figures nevertheless show that many of the "interested"

respondents are paying rather low rent in terms of their incomes. This condition, portrayed in Table 22, implies some resistance to the acceptance of new units at higher shelter cost ratios.

It is also possible to compute from these data, the theoretical incomes typical in increasingly higher rental groups. These projected income groups are shown in Table 23.

For purposes of estimating the market, it is our opinion that a substantial portion of the families in the upper-middle rental groups would be willing to pay 16 per cent of their income for the amenities of the area and the prestige of a new, fully planned development.

Income to Unit Size Relationships

Since rents vary generally with unit size, we have examined the size of the unit which "interested" respondents desired as compared to their reported incomes. These relationships are shown in Table 24. The median number of bedrooms desired by all groups below $6,000 was one. For all groups above $6,000, the number of bedrooms desired was two. Considering all cases, the median income for each unit size is shown below:

Unit Size	Median Income
Efficiency unit	$4,379
One bedroom	$5,619
Two bedrooms	$7,102
Three bedrooms	$6,933

It is clearly recognized that the new apartments to be erected in Redevelopment Area "E" cannot be competitive with the cheapest units which are presently available. As a consequence, there is a difference between the "demand" and the "effective demand" for these projected units. To achieve an estimate of

the actual market, it was necessary to eliminate those persons whose reported incomes were below that which would be necessary to permit them to pay the probable minimum rental for the units located here. In addition, an element of market safety was added and the possibility of wish-impulse was eliminated by moving one-half of each apartment size group down to the next lower (and cheaper) apartment size-group. For purposes of estimating the market on this basis, the following arbitrary lower limits were selected for apartments in any projected development.

$80-90 for "efficiency" units

$95-110 for one bedroom units

$115-135 for two bedroom units

$140 and above for larger units

The adjustment downward of the various desired size-groups resulted in a qualitative and quantitative relationship which is shown in Table 25.

Guided by this method of estimating the "effective demand" for housing from employees of the area, it is our opinion that the effective market derived from total employment in the downtown area for new rental units in Redevelopment Area "E" is 8.4 per cent of the total employment, or approximately 7,500 units. While this is substantial, it makes no allowance for the market which might be drawn from the additional employment in the office buildings and other projects contemplated for the area. In addition, this estimate makes no allowance for the small but effective market in the growing proportion of our total population represented by retired persons with incomes, but who are not now employed in the area. Such groups like to be in rental units close to the activities offered in a center such as San Francisco, and the Bay view and equable climate of the area would appeal to this group as much as those who would be able to capitalize on the walk-to-work attributes that this area offers. Additional support for this market will come from those firms or

executives wishing to rent quarters convenient to the business district.

9. Recommended Residential Construction Program

Redevelopment of the area for 7,500 families would exceed the capacity of the acreage involved and even over a five year program would seriously influence the economy of the city. Furthermore it is unnatural to assume that more than a percentage of that demand would be satisfied during any such period.

Consequently, there is recommended for favorable consideration a five year program involving only one-fifth of the demand or 1,500 units.

We believe that the 1,500 units should be distributed as follows with minimum rental ranges as indicated:

450	0-Bedroom (Efficiency apartments)	$80-90
625	1-Bedroom apartments	$95-110
350	2-Bedroom apartments	$115-135
75	3-Bedroom apartments	$140-160

10. Auxiliary Commercial Development

Because of the location of this development in what was formerly a commercial area, some facilities for convenience-goods shopping will be both practical and necessary in order to support the residential project. Limited only to the purchasing capacity of the apartment residents, we propose a small shopping center made up as follows:

Type	Volume Expectancy	Net Retail Sales Area Required Square Feet
Drug Store	$ 210,000	1,400
Super Market	2,016,000	10,000
Other Food	420,000	2,400
Liquor	126,000	850
Hardware	60,000	1,200
Other Retail	378,000	6,300
Total	$3,210,000	22,150

Ground area for these uses would amount to about 31,500 square feet excluding parking. This is a "walk-in" center to service the residents, and a ratio of one to one between sales area and parking area would be adequate, or 22,000 square feet --- enough for 70 cars is planned.

A small theater for the area would probably require some 22,500 square feet and would have a seating capacity of 300. Additional parking of 9,000 square feet would be required.

The gross area requirements for the commercial center are thus 85,000 sq. ft. or slightly less than 2 acres.

11. Gross Area Requirements

The gross area requirements for the residential development and its tributary commercial development are estimated at 30 acres, including parking. This is an extremely high density but not out of keeping with the character of the location.

Table 14. MARKET ATTITUDE BY TENURE AND PLACE OF RESIDENCE

Indicated Attitude	Tenure			Place of Residence		
	Owners	Tenants	Total	San Francisco	Other	Total
"Interested"	14.0%	86.0%	100.0%	82.1%	17.9%	100.0%
"Not Interested"	48.9%	51.1%	100.0%	58.9%	41.1%	100.0%

Table 15. MARKET ATTITUDE BY SEX

Indicated Attitude	Male	Female
"Interested"	20.6%	27.3%
"Not Interested"	79.4%	72.7%
	100.0%	100.0%

Table 16. MARKET ATTITUDE BY INCOME DISTRIBUTION

Income Group of Respondent's Household	All Respondents	"Interested" Only
Less than $5,000	26.0%	36.0%
$ 5,000 to $ 5,999	12.7%	12.3%
$ 6,000 to $ 6,999	10.5%	9.8%
$ 7,000 to $ 7,999	10.3%	8.9%
$ 8,000 to $ 8,999	9.2%	6.6%
$ 9,000 to $ 9,999	6.7%	4.9%
$10,000 to $10,999	5.4%	4.3%
$11,000 to $11,999	5.6%	3.5%
$12,000 and over	13.6% *	13.7%
Total	100.0%	100.0%

* The substantial number of returns from respondents showing high incomes was widely distributed by industry, sex, and other items on the questionnaire. This factor, together with the confidential handling leads to the belief that there were relatively few cases of incorrect returns in this income group.

Table 20. RELATIONSHIP OF PRESENT FAMILY SIZE TO UNIT SIZE DESIRED

Present Family Size	Unit Size Desired				Total All Sizes
	Efficiency	Bedroom	Bedroom	Three Plus Bedroom	
One Person	24.3%	68.9%	5.2%	1.6%	100.0%
Two Persons	2.9%	51.5%	41.8%	3.8%	100.0%
Three Persons	2.4%	21.5%	59.3%	16.8%	100.0%
Four Persons	0.9%	23.6%	39.1%	36.4%	100.0%
Five Persons	2.5%	22.2%	39.5%	35.8%	100.0%
Total All Persons	9.2%	48.1%	32.6%	10.1%	100.0%

Table 21. MARKET ATTITUDE BY PRESENT RENTAL GROUP

Indicated Attitude	Present Monthly Rent							Total All Rents
	$60 or less	$60-$79	$80-$99	$100-$119	$120 $139	$140-$159	$160 and up	
"Interested"	30.0%	36.9%	19.7%	6.7%	3.7%	1.1%	1.9%	100.0%
"Not Interested"	30.6%	32.8%	20.4%	10.1%	3.7%	1.8%	0.6%	100.0%

Table 22. RELATIONSHIP OF RENT TO INCOME

Annual Income Group of Respondent's Household	Median Monthly Rent	Rent/Income Ratio Per Cent
All groups	$71.09	14.8%
Under $4,000	$60.00	-
$ 4,000 - $ 4,999	$67.32	18.0%
$ 5,000 - $ 5,999	$73.46	16.0%
$ 6,000 - $ 6,999	$73.54	13.6%
$ 7,000 - $ 7,999	$76.96	12.3%
$ 8,000 - $ 8,999	$77.27	10.9%
$ 9,000 - $ 9,999	$90.77	11.4%
$10,000 - $10,999	$78.89	9.0%
$11,000 - $11,999	$96.67	10.1%
$12,000 and up	$85.45	-

Table 23. PROJECTED INCOME IN PROPOSED RENTAL GROUPS

Monthly Rental Group	Median Annual Income of Respondent's Household
Under $60.00	$ 4,571
$ 60.00 - $ 79.99	$ 5,096
$ 80.00 - $ 99.99	$ 6,750
$100.00 - $119.99	$ 8,800
$120.00 - $139.99	$10,667
$140.00 - $159.99	$12,000 +
$160.00 and over	$12,000 +

Table 24. RELATIONSHIP BETWEEN INCOME AND DESIRED UNIT SIZE

Reported Annual Income of Respondent's Household	Unit Size Desired				Total All Sizes
	Efficiency	One Bedroom	Two Bedroom	Three Plus Bedroom	
Less than $5,000	13.0%	51.8%	26.8%	8.4%	100.0%
$ 5,000 - $ 5,999	9.6%	46.3%	33.8%	10.3%	100.0%
$ 6,000 - $ 6,999	7.3%	37.6%	41.3%	13.8%	100.0%
$ 7,000 - $ 7,999	3.0%	42.0%	49.0%	6.0%	100.0%
$ 8,000 - $ 8,999	2.5%	40.5%	44.3%	12.7%	100.0%
$ 9,000 - $ 9,999	Negligible	42.6%	50.0%	7.4%	100.0%
$10,000 - $10,999	4.2%	27.1%	58.3%	10.4%	100.0%
$11,000 - $11,999	2.6%	30.8%	43.5%	23.1%	100.0%
$12,000 and over	7.2%	40.8%	34.9%	17.1%	100.0%
Total All Incomes	8.3%	44.4%	36.4%	10.9%	100.0%

Excludes 150 reports omitting income data.

Table 25. RELATIONSHIP BETWEEN INCOME AND DESIRED UNIT SIZE AFTER ADJUSTMENT

Reported Annual Income of Respondent's Household	Unit Size Desired				Total All Sizes
	Efficiency	One Bedroom	Two Bedroom	Three Plus Bedroom	
$ 6,500 - $ 7,999	58.3%	41.7%	-	-	100.0%
$ 8,000 - $ 8,999	34.6%	48.1%	17.3%	-	100.0%
$ 9,000 - $ 9,999	22.6%	47.2%	28.3%	1.9%	100.0%
$10,000 - $10,999	18.7%	41.7%	35.4%	4.2%	100.0%
$11,000 - $11,999	17.9%	38.5%	33.3%	10.3%	100.0%
$12,000 and over	27.6%	38.1%	25.7%	8.6%	100.0%
Total All Incomes	29.6%	41.6%	23.7%	5.1%	100.0%

E. Marketability for Parking

With Redevelopment Area "E" adjoining the intensively used land of the Financial District and with its accessibility to the new freeway to the south and east (via the interchange), it appears that the site might provide a good market for parking areas for uses outside the area. (Note that in the discussion of new uses within the area, the parking necessary to their efficient operation is recommended separately.)

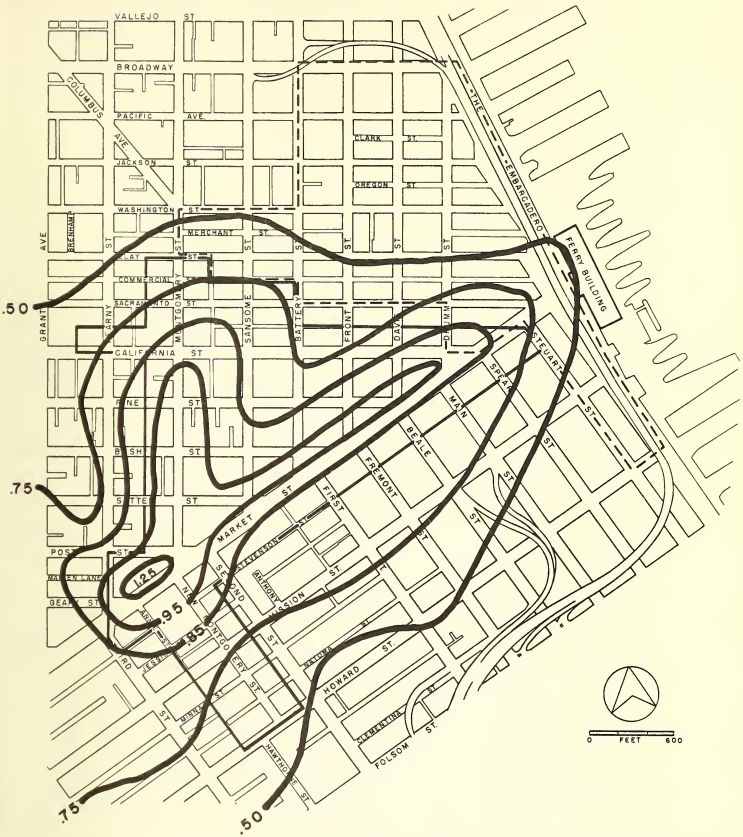
The survey included an enumeration of all parking lots and garages in and surrounding the Financial District, and obtaining data on capacity and rates for various periods.

The maps on the following pages depict isographs of the charges for three hour and all day parking. The influence of the Financial District and the shopping center to the west is obvious.

In the entire area studied, there were only about 13,000 clear stalls or designated parking spaces in all lots and garages. The absolute capacity of these facilities is 14,700 cars --- utilizing all available space including aisles where cars are attendant-parked. In the Financial District there were only 3,550 clear stalls with an absolute capacity of 4,200.

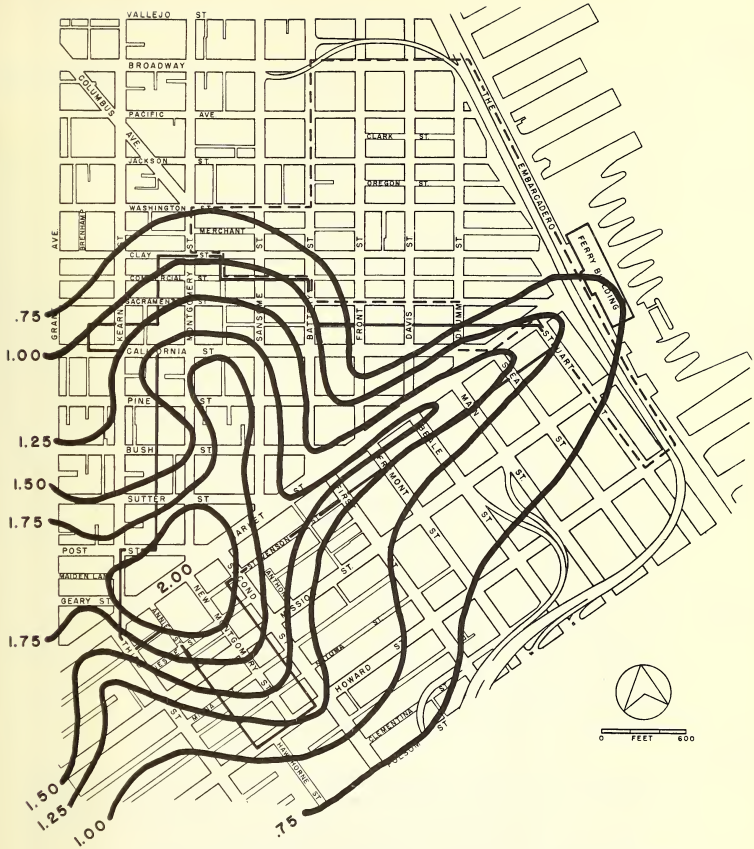
In the survey of office workers, it was found that only about eight per cent reported using their cars to reach work. During the survey for the office building study, many office managers indicated the desirability of providing additional parking space.

It is believed from an examination of these and other data, that there would be a demand in areas adjoining the Financial District for parking for 1,000 cars at rates of about $1.00 but certainly under $1.25. This should be created here only if the convention hall is not a part of the project. If it were, the convention parking lot could "double" as ancillary parking for downtown.



ISO-LINE DIAGRAM OF CHARGES FOR THREE-HOUR PARKING

MARKET ANALYSIS AREA E - 1956 SAN FRANCISCO, CALIFORNIA
PREPARED BY REAL ESTATE RESEARCH CORPORATION & SAN FRANCISCO DEPARTMENT OF CITY PLANNING



ISO-LINE DIAGRAM OF CHARGES FOR EIGHT-HOUR PARKING

MARKET ANALYSIS AREA E - 1956 SAN FRANCISCO, CALIFORNIA
PREPARED BY REAL ESTATE RESEARCH CORPORATION & SAN FRANCISCO DEPARTMENT OF CITY PLANNING

F. Marketability of Land for Park Use

It is our understanding that it is highly probable that a state park will be developed in conjunction with the World Trade Center in the old Ferry Building to give it identity and more desirable orientation, and that parking will also be created. This park may amount to six to 13 acres located in the southeastern area of the project.

From the standpoint of marketability, the least desirable area of the subject property is that bounded by Steuart, The Embarcadero, Market and Howard. It would be highly desirable, therefore, to devote these areas together with that immediately adjacent to the Ferry Building to this public purpose.

G. Marketability of Land for Other Uses

Altogether the marketability of the land in the subject property is extremely high. The uses analyzed hereinbefore, consisting of office, hotel, parking and residential space (together with neighborhood shopping and other facilities in connection with the residential units) comprise a demand for land (at its fair cash market value for the uses involved) substantially in excess of the net amount contained in Redevelopment Area "E." The Redevelopment Plan should, in our opinion, be based upon a combination of those uses listed hereinbefore. In connection with this study, however, we have analyzed carefully a number of other possible uses, but have dismissed them either because we found that the land was not marketable for that purpose or because the use, in our opinion, would be economically detrimental to important nearby functions. In some cases, we have dismissed a use because it was clearly not the highest and best use of the land --- single-family homes for example.

One of the uses which we studied for this area was the creation here of substantial shoppers goods facilities in the form of major retail units. This can be projected either in the form of a new retail area adjacent to the Financial District or in the form of a park and shop development like Stonestown but located in the heart of the city. Our analysis has led us to the opinion that it would not be economically possible or desirable to market land for this purpose because:

1. There is not now existing a shortage of retail space in downtown San Francisco.

2. The market for land for this purpose would be thin and uncertain.

3. The creation of major shoppers goods facilities here would have a strongly adverse affect on the present well concentrated San Francisco shopping area. Shopping facilities in Redevelopment Area "E" would not of themselves bring new retail business to San Francisco --- would only take business that would otherwise go to existing outlets in the downtown area.

There is no doubt that if direct access is created to The Embarcadero Freeway the land in the subject area could be marketed for wholesale, warehousing, light industrial, or truck terminal purposes. We do not believe, however, that it would be economically desirable to attempt to market land for this purpose, because:

1. There is today a very substantial vacancy in multi-storied loft and industrial buildings. No appreciable market, therefore, exists for land for that purpose. One story construction would be essential.

2. If limited to one story construction, the site would have to be priced competitively with outlying industrial land; its close-in advantages being offset by a higher construction cost and some handicaps in regard to rail access.

3. From the standpoint of the effect on downtown and especially upon the regional Financial-Administrative Area, a new warehousing, light industrial, wholesale or truck terminal district here, even if well planned and oriented, would be no more salutary than the existing use.

We understand that, from time to time, special uses or special projects have been suggested. Some of these are:

1. An Entertainment Center

   The effect of this would be to dissipate the business of existing entertainment facilities. The problem is similar to that of retail facilities, and any new theaters (other than of the strictly neighborhood variety),

music halls or similar facilities must be located in a manner to strengthen the existing functional entertainment district. One of the strengths of New York's regional amusement and cultural function is the concentration of facilities near the Times Square area. Chicago, which also has a regional entertainment function, has one that is severely weakened by the scattering of facilities. This lack of the cumulative effect of adjacent units is one of the reasons why Chicago has had difficulty in supporting a resident repertory opera company.

2. A Jewelry Manufacturing Center

If such a center can be economically developed, we see no functional reason why it should be located in Redevelopment Area "E" --- it might better be placed south of Market.

3. A Technical Center for the Construction Industry

A center has been discussed that would be for engineers, architects, construction trades and the like. Such a unit would be desirable but its economies are complicated by the high degree of variation in rent paying ability in this group. Many of these people cannot afford to pay more than $0.20 per square foot --- a rent level not now achievable in new modern office space, a level that can only be approached on very inexpensive land.

Other such proposals undoubtedly exist and will, from time to time, require individual examination to determine feasibility and marketability.

We have also given general consideration to the possibility of developing a market for the land here for additional special uses, such as bowling alleys, undertaking parlors, automobile showrooms, and a variety of similar facilities. Whereas there might be a chance of selling a specific small site for any one of these uses, the market for it is highly conjectural and the amount of land which can be marketed for such uses is minute in terms of the total acreage in the area. In addition, the land valuation developed for such uses would not be high.

The marketability of the land for governmental, quasi-governmental and institutional uses has not been studied. Such a market, if it exists, is dependent upon the specific needs of the institution involved and other matters unknown to us. The requirements of a specific hospital, for example, are an extra-market activity and not determinable through normal market analysis procedures. In any event, we know of no such government or institutional use other than the convention hall and airline terminal referred to which would strongly support important adjacent functions.

VI. DEVELOPMENT OF A MARKETING PROGRAM

Our opinions as to the quantity of land in Redevelopment Area "E" which could be marketed for various uses have been formulated, of necessity, in the absence of even a generalized physical plan for the redevelopment of the area. When a redevelopment plan begins to take shape, the market for the land can be pin pointed with greater precision and the prices which can be obtained for it can be determined. For a successful project, it is important to bear in mind throughout the planning stages the concept of the nature and extent of a market for land, as both the quantity of land for which demand can be anticipated, and the price which can be obtained, will be influenced by the location of available sites through property which remains in its present ownership. Under highly favorable conditions and with the stimulus of an ingenious and attractive redevelopment plan, it is conceivable that more land might be marketed for the various uses than we have estimated herein. This, of course, would have a salutary effect on prices. The opposite is true if the redevelopment plan is relatively unimaginative and fails to take advantage of the functionally important features which surround the area.

We would not recommend negotiations at too early a stage with individual redevelopers, whose primary objective is profit, for two reasons. The primary reason arises out of the investment problems of such potential redevelopers. We are well aware of the high degree of interest which has been created in the subject area, but being in business to utilize their capital resources on a profitable basis, it is difficult and usually inadvisable for them to tie-up those resources in the early planning stages of a redevelopment project of this type. Their operation is generally better suited to making commitments for redevelopment after land acquisition has been started, and after the general plan of redevelopment has been agreed on by the official agencies involved. Both price of land and quality of development are likely to be improved if detailed negotiations are not entered upon until later. The second reason lies in the fact that the community, during the early stages of a redevelopment plan, is not in a sound position to proffer firm commitments relative to the new uses to which the land will be put, nor relative to selling prices.

We have presented herein no definite recommendations as to the size of the parcels which should be offered. Whether the entire area should be offered to one redeveloper or whether the area should be divided into a smaller or greater number of parcels for sale can only be determined with some additional market study after the redevelopment plan has been completed. We stand ready to be of assistance in this respect at a later stage in the program.

At this point, we have assumed that the marketing of land or at least the production of new enclosed space will take place in a relatively orderly manner over approximately a five year period. While this is not essential to the success of the project (but is geared to the anticipated rate of expansion of demand) such a procedure would lessen impact upon the existing facilities in the community. If the project is staged, however, in this way the technique of staging will become extremely important. It is probable that the sites which will become available earliest will be those in the approximate geographic center of the project area now occupied by the wholesale produce market. Marketability would be hampered, however, by attempting to dispose of property surrounded by the adjoining obsolete structures. At the risk of some loss of time, a more satisfactory marketing procedure would involve proceeding inward from the periphery of the project towards the center starting at those places that are adjacent to "anchors" of existing desirable uses.

VII. CONCLUSIONS AND RECOMMENDATIONS

Our recommendations and findings are contained hereinbefore in this report. In general, however, it might be said that the results of our studies have indicated that a very considerable market exists for this land and it should find a ready sale if priced competitively.

The highest use of the land in Area "E" would consist of the development of the 50 acres over a five year period with approximately 1,500,000 square feet of office space, and one of the following two uses:

1. A residential development consisting of 1,500 residential units in high-rise apartment buildings, a 300 room motor-hotel, a small convenience shopping facility for the apartment buildings, plus collateral commercial parking facilities and the state park adjacent to the Ferry Building.

2. A convention complex consisting of 1,000 to 1,200 hotel rooms, a convention hall, a combination airlines terminal and heliport, plus collateral commercial parking facilities and the state park adjacent to the Ferry Building.

Either the office building-residential development or the office building-convention complex development would result in the disposition of the entire area within the current boundaries of Redevelopment Area "E."

In the course of our study, we have become more and more impressed with the dynamic quality of the economy of the Bay Area, with the increasing functional importance of downtown San Francisco in the whole complex of western states, and with the unusual feature of a redevelopment area so close to a 100 per cent section of the regional commercial district. These economic factors, together with the imagination and sound thinking with which the Commission is developing its plan and the enthusiasm of the people of San Francisco have led us to the conclusion that the marketability of the subject land is higher here than for any similar sites we have studied recently. We look forward to the development of the Commission's program and stand ready to be of assistance as our services are required.

Respectfully submitted,

REAL ESTATE RESEARCH CORPORATION

Richard Lawrence Nelson
President

May 29, 1956

Table A 1. TABULATION OF NET RENTABLE FLOOR AREA OF MULTI-UNIT OFFICE BUILDINGS BY USE, SIZE CLASSIFICATION, AND SUBAREA

Size Classification and Subarea (Square Feet)	Net Floor Area (Square Feet)						
	Retail	Office	Financial	Other	Parking	Total	Per Cent
1. 150,000 and over	49,633	2,052,336	152,246	2,964	148,119	2,405,298	38.2
2. 125,000 to 149,999	-	-	-	-	-	-	-
3. 75,000 to 124,999	80,379	1,162,727	50,753	48,280	69,000	1,411,139	22.4
4. 50,000 to 74,999	107,321	989,014	90,223	18,843	70,800	1,276,201	20.2
5. 25,000 to 49,999	87,393	633,719	95,989	61,879	-	878,980	13.9
6. Less than 25,000	39,085	271,895	9,000	7,550	4,131	331,661	5.3
Total all sizes 1-6	363,811	5,109,691	398,211	139,516	292,050	6,303,279	100.0
Percentage	5.8%	81.1%	6.3%	2.2%	4.6%	100.0%	
A. Montgomery Street Area	97,935	2,379,932	244,159	19,153	115,750	2,856,929	45.3
B. Sansome Street Area	11,084	854,880	94,706	29,201	39,000	1,028,871	16.3
C. California Street Area	10,459	267,884	14,800	3,000	10,000	306,143	4.9
D. Battery-Pine Street Area	3,348	386,954	4,947	3,350	85,800	484,399	7.7
E. Lower Market Street Area	126,670	702,392	10,599	38,353	21,500	899,514	14.3
F. New Montgomery Street Area	114,315	517,649	29,000	46,459	20,000	727,423	11.5
Total all locations A-F	363,811	5,109,691	398,211	139,516	292,050	6,303,279	100.0
Percentage	5.8%	81.1%	6.3%	2.2%	4.6%	100.0%	

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Table A 2. TABULATION OF NET RENTABLE VACANT FLOOR AREA OF MULTI-UNIT BUILDING BY USE, SIZE AND SUBAREA

Size and Subarea (Square Feet)	Retail		Office	
	Net Floor Area Vacant	Retail Vacancy Rate	Net Floor Area Vacant	Office Vacancy Rate
1. 150,000 and over	2,854	5.75%	30,760	1.50%
2. 125,000 to 149,999	-	-	-	-
3. 75,000 to 124,999	-	-	13,676	1.18%
4. 50,000 to 74,999	6,782	6.32%	12,629	1.28%
5. 25,000 to 49,999	1,565	1.79%	23,065	3.64%
6. Less than 25,000	-	-	11,910	4.38%
Total of all sizes 1-6	11,201	3.08%	92,040	1.80%
A. Montgomery Street Area	2,854	2.91%	39,173	1.65%
B. Sansome Street Area	-	-	6,543	.77%
C. California Street Area	-	-	2,000	.75%
D. Battery-Pine Street Area	-	-	206	.05%
E. Lower Market Street Area	782	.64%	32,588	4.64%
F. New Montgomery Street Area	7,565	6.62%	11,530	2.23%
Total of all locations A-F	11,201	3.08%	92,040	1.80%

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Table A 3. RENT TRENDS IN MULTI-UNIT OFFICE BUILDINGS BY RENT GROUP, SIZE AND SUBAREA

Size and Subarea (Square Feet)	1956 Rent Group T	1	2	3	4	5	NR
1. 150,000 and over	10	6	3	1	-	-	-
2. 125,000 to 149,999	-	-	-	-	-	-	-
3. 75,000 to 124,999	15	-	6	3	5	-	1
4. 50,000 to 74,999	19	-	5	9	4	1	-
5. 25,000 to 49,999	22	-	5	11	3	3	-
6. Less than 25,000	21	-	3	12	3	3	-
Total all sizes 1-6	87	6	22	36	15	7	1
A. Montgomery Street Area	28	6	12	8	-	1	1
B. Sansome Street Area	17	-	7	7	3	-	-
C. California Street Area	6	-	1	4	1	-	-
D. Battery-Pine Street Area	6	-	-	5	1	-	-
E. Lower Market Street Area	17	-	1	5	5	6	-
F. New Montgomery Street Area	13	-	1	7	5	-	-
Total all locations A-F	87	6	22	36	15	7	1

-- Legend --

T - Total
1 - 40¢ and over
2 - 35¢ to 39¢
3 - 30¢ to 34¢
4 - 25¢ to 29¢
5 - Less than 25¢
NR - No Response

Table A 3. RENT TRENDS IN MULTI-UNIT OFFICE BUILDINGS
BY RENT GROUP, SIZE AND SUBAREA (continued)

Size and Subarea (Square Feet)	1955 Rent Group T	1	2	3	4	5	NR
1. 150,000 and over	10	3	5	1	-	-	1
2. 125,000 to 149,999	-	-	-	-	-	-	-
3. 75,000 to 124,999	15	-	2	5	5	-	3
4. 50,000 to 74,999	19	-	3	7	4	1	4
5. 25,000 to 49,999	22	-	4	8	4	2	4
6. Less than 25,000	21	-	3	12	2	4	-
Total all sizes 1-6	87	3	17	33	15	7	12
A. Montgomery Street Area	28	3	12	7	-	1	5
B. Sansome Street Area	17	-	4	6	3	-	4
C. California Street Area	6	-	-	5	1	-	-
D. Battery-Pine Street Area	6	-	-	3	2	-	1
E. Lower Market Street Area	17	-	1	4	5	5	2
F. New Montgomery Street Area	13	-	-	8	4	1	-
Total all locations A-F	87	3	17	33	15	7	12

-- Legend --

T - Total
1 - 40¢ and over
2 - 35¢ to 39¢
3 - 30¢ to 34¢
4 - 25¢ to 29¢
5 - Less than 25¢
NR - No Response

Table A 3. RENT TRENDS IN MULTI-UNIT OFFICE BUILDINGS BY RENT GROUP, SIZE AND SUBAREA (continued)

Size and Subarea (Square Feet)	1954 Rent Group T	1	2	3	4	5	NR
1. 150,000 and over	10	1	5	2	-	-	2
2. 125,000 to 149,999	-	-	-	-	-	-	-
3. 75,000 to 124,999	15	-	2	5	5	-	3
4. 50,000 to 74,999	19	-	2	8	3	2	4
5. 25,000 to 49,999	22	-	3	7	5	2	5
6. Less than 25,000	21	-	1	10	3	4	3
Total all sizes 1-6	87	-	13	32	16	8	17
A. Montgomery Street Area	28	1	10	7	1	1	8
B. Sansome Street Area	17	-	2	8	3	-	4
C. California Street Area	6	-	-	4	1	-	1
D. Battery-Pine Street Area	6	-	-	3	2	-	1
E. Lower Market Street Area	17	-	1	3	4	6	3
F. New Montgomery Street Area	13	-	-	7	5	1	-
Total all locations A-F	87	1	13	32	16	8	17

-- Legend --

T - Total
1 - 40¢ and over
2 - 35¢ to 39¢
3 - 30¢ to 34¢
4 - 25¢ to 29¢
5 - Less than 25¢
NR - No Response

Table A 3. RENT TRENDS IN MULTI-UNIT OFFICE BUILDINGS BY RENT GROUP, SIZE AND SUBAREA (continued)

Size and Subarea (Square Feet)	1953 Rent Group T	1	2	3	4	5	NR
1. 150,000 and over	10	-	6	2	-	-	2
2. 125,000 to 149,999	-	-	-	-	-	-	-
3. 75,000 to 124,999	15	-	1	6	5	-	3
4. 50,000 to 74,999	19	-	2	5	6	2	4
5. 25,000 to 49,999	22	-	3	7	5	2	5
6. Less than 25,000	21	-	-	10	4	4	3
Total all sizes 1-6	87	-	12	30	20	8	17
A. Montgomery Street Area	28	-	9	8	2	1	8
B. Sansome Street Area	17	-	2	7	4	-	4
C. California Street Area	6	-	-	4	-	-	1
D. Battery-Pine Street Area	6	-	-	3	2	-	1
E. Lower Market Street Area	17	-	1	3	4	6	3
F. New Montgomery Street Area	13	-	-	5	7	1	-
Total all locations A-F	87	-	12	30	20	8	17

-- Legend --

T - Total
1 - 40¢ and over
2 - 35¢ to 39¢
3 - 30¢ to 34¢
4 - 25¢ to 29¢
5 - Less than 25¢
NR - No Response

TABLE A4

NET RENTABLE AREAS IN THE FINANCIAL-ADMINISTRATIVE DISTRICT OF SAN FRANCISCO, BY BLOCKS, BY USE, AND EMPLOYMENT VOLUME BY BLOCKS

Block No.	Total Ground Area of Block In Sq.Ft.	Per Cent Vacant	Distribution by Category Use – Net Rentable Area in Square Feet								Number of Employees
			Total	Retail	Office	Financial	Wholesale Warehouse	Parking	Vacant	Other	
1	15,946	–	39,584	3,190	6,930	3,930	18,178	–	–	7,356	75
2	21,301	–	117,343	4,800	6,960	81,843	9,720	–	–	14,020	442
3	23,700	.134	58,600	5,603	31,347	–	–	–	7,870	13,780	286
4	22,729	–	61,140	–	46,380	5,400	3,360	–	–	6,000	338
5	49,028	–	59,501	7,529	16,752	–	1,500	–	–	33,720	163
6	32,725	–	228,684	–	–	228,684	–	–	–	–	685
7	32,465	.025	104,260	–	72,600	16,000	4,000	9,000	2,660	–	438
8	15,500	–	50,000	–	50,000	–	–	–	–	–	254
9	72,875	.054	345,675	4,200	217,475	89,000	8,000	8,000	19,000	–	2,027
10	53,625	.009	198,896	–	79,224	117,836	–	–	1,836	–	1,577
11	24,180	–	97,100	3,500	83,600	–	–	10,000	–	–	707
12	24,180	–	94,056	–	10,000	84,056	–	–	–	–	615
13	34,100	–	169,290	369	97,772	–	32,149	39,000	–	–	1,128
14	34,100	–	191,683	1,030	180,653	–	–	10,000	–	–	1,517
15	34,925	.064	128,514	8,409	111,855	–	–	–	8,250	–	732
16	34,925	.057	53,962	–	40,682	–	10,200	–	3,080	–	291
17	38,655	.025	122,558	10,387	71,754	–	13,500	–	3,100	23,817	929
18	29,080	.035	107,493	18,016	80,616	–	–	5,000	3,861	–	739
19	72,050	–	188,250	11,100	84,867	32,283	–	60,000	–	–	2,439
20	53,625	–	390,330	2,700	171,376	216,254	–	–	–	–	2,312
21	53,625	–	322,953	2,780	63,425	256,748	–	–	–	–	2,522
22	75,625	–	367,967	5,433	319,734	40,800	–	–	–	2,000	2,905

(Continued on next page)

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TABLE A4

NET RENTABLE AREAS IN THE FINANCIAL-ADMINISTRATIVE DISTRICT OF SAN FRANCISCO, BY BLOCKS, BY USE, AND EMPLOYMENT VOLUME BY BLOCKS

Block No.	Total Ground Area of Block In Sq.Ft.	Per Cent Vacant	Distribution by Category Use – Net Rentable Area in Square Feet								Number of Employees
			Total	Retail	Office	Financial	Wholesale Warehouse	Parking	Vacant	Other	
23	(Construction) 58,483	.013	144,897	62,503	53,839	–	26,530	–	2,025	–	490
24	75,625	.004	231,375	32,135	191,556	–	4,959	1,775	950	–	1,283
25	43,725	.106	134,377	42,019	78,078	–	–	–	14,280	–	631
26	56,650	–	490,130	39,630	362,000	12,000	–	76,500	–	–	3,561
27	113,300	.001	642,307	8,893	582,568	8,500	8,474	30,250	850	2,772	4,592
28	75,625	–	466,532	22,535	333,300	14,447	34,250	62,000	–	–	3,265
29	72,610	.009	362,250	9,480	170,281	4,670	174,499	–	3,320	–	1,224
30	18,306	.020	73,909	6,806	59,593	–	–	6,000	1,510	–	750
31	68,091	–	251,575	56,410	117,859	34,426	4,080	36,400	–	2,400	1,673
32	113,300	.028	1,182,913	13,981	949,938	169,760	–	–	33,614	15,620	6,244
33	Crown Zell. Remodelling										
34	44,000	–	365,330	12,040	247,920	95,370	10,000	–	–	–	2,580
35	68,234	.025	339,639	60,028	140,506	130,595	–	–	8,510	–	2,167
36	68,250	.034	334,218	61,836	204,440	20,500	–	–	11,600	35,842	1,781
37	37,232	.005	358,217	39,820	171,656	4,046	–	–	1,895	140,800	1,000
38	94,600	–	561,245	2,880	5,374	–	–	–	–	552,991	755
39	32,800	–	173,054	23,034	86,020	48,800	7,300	–	–	7,900	944
40	30,545	–	84,595	5,000	38,795	–	–	40,800	–	–	413
41	83,700	.078	267,780	63,555	120,825	–	54,750	–	21,150	7,500	969
42	40,300	.008	164,796	34,916	91,252	–	21,900	–	1,375	15,353	1,557
43	37,675	.011	114,086	26,200	82,646	–	–	–	1,310	3,930	535

(Continued on next page)

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TABLE A4

NET RENTABLE AREAS IN THE FINANCIAL-ADMINISTRATIVE DISTRICT OF SAN FRANCISCO, BY BLOCKS, BY USE, AND EMPLOYMENT VOLUME BY BLOCKS

Block No.	Total Ground Area of Block In Sq.Ft.	Per Cent Vacant	Distribution by Category Use – Net Rentable Area in Square Feet								Number of Employees
			Total	Retail	Office	Financial	Wholesale Warehouse	Parking	Vacant	Other	
44	37,675	.071	201,203	29,600	157,203	–	–	–	14,400	–	766
45	37,675	–	530,846	–	491,867	5,929	–	12,300	–	20,750	3,100
46	37,675	.255	121,229	16,714	60,315	–	–	–	30,935	13,265	437
47	49,485	–	245,742	–	245,742	–	–	–	–	–	3,025
48	39,072	–	175,250	9,150	82,500	–	28,600	38,400	–	16,600	890
49	22,400	–	118,374	–	116,754	–	–	–	–	1,620	564
50	42,400	–	233,821	12,642	77,472	–	123,975	–	–	19,732	954
51	22,240	–	147,510	26,110	14,100	–	107,300	–	–	–	396
52	33,120	–	365,599	–	311,396	–	–	43,715	–	10,488	1,280
53	34,720	.171	188,875	18,535	43,860	–	42,000	12,400	32,300	39,780	618
54	36,960	–	225,280	–	195,735	–	21,145	2,800	–	5,600	1,409
55	34,720	–	115,136	–	55,784	–	44,602	–	–	14,750	385
Total	2,510,157		12,909,929	825,498	7,785,176	1,721,877	814,971	504,340	229,681	1,028,386	73,359

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Table A 5. OFFICE BUILDINGS - NEW CONSTRUCTION
SAN FRANCISCO, CALIFORNIA

		Square Feet	Contraction or Demolition	Square Feet
May 1, 1947	320 California St.	82,500		
Oct. 1, 1947	R. Stanley Dollar	53,200		
Oct. 1, 1947	Merchandise Mart (addition)	162,714		
May 1, 1948	Matson - wing (Main & Market)	47,000	Jewelers (converted)	72,480
Oct. 1, 1948	Federal Savings	4,650		
Oct. 1, 1948	P. G. & E. - wing (Beale & Market)	76,262		
June 1952	Hartford (addition)	35,705		
Oct. 1, 1950	Standard Oil Bush	50,229		
May 1, 1951			Lick (demolished)	15,652
Oct. 1, 1951	Home Insurance	46,000		
May 1, 1952	350 Sansome St.	86,577 gross 60,000 net rent.		
Oct. 1, 1952	Stonestown Medical Multiple Occupancy	81,800 gross		
Oct. 1, 1953	Metropolitan (addition)	83,000		
May 1, 1954	Western Pacific 1 floor	6,000		
Oct. 1, 1954			Kress (renovation)	13,642
Oct. 1, 1954			177 Post St. (renovation)	32,077
May 1, 1955			320 Market St. (Portion demolished)	8,654
June 1, 1955	Equitable Bldg.	459,250 gross 364,250 net rent.		

Source: Building Owners and Managers Association

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Table A6. ESTIMATED EMPLOYMENT AND NUMBER OF RETURNS BY TYPE OF INDUSTRY

Industry Group	Estimated Employment "Ideal Sample"	Employment Reported by Employer	Number of Questionnaires Returned	Sample as a Percentage of "Ideal Sample"	Sample as a Percentage of Reported Employment
Transportation, Utilities and Communications					
Total	1,005	956	677	67.3%	70.8%
% of Total	12.6%		12.9%		
Construction					
Total	420	400	356	84.7%	89.0%
% of Total	5.4%		6.8%		
Wholesale Trade					
Total	1,042	1,072	750	54.0%	69.9%
% of Total	17.5%		14.3%		
Finance, Insurance and Real Estate					
Total	945	905	867	91.7%	95.8%
% of Total	11.9%		16.5%		
Manufacturing					
Total	1,560	1,223	857	54.9%	70.0%
% of Total	19.5%		16.3%		
Service Industry					
Total	1,088	1,053	517	47.5%	49.0%
% of Total	13.7%		9.9%		
Government					
Total	500	650	507	100.0%	75.0%
% of Total	6.3%		9.6%		
Total	7,948	7,198	5,247	66.0%	72.9%
%	100.0%		100.0%		

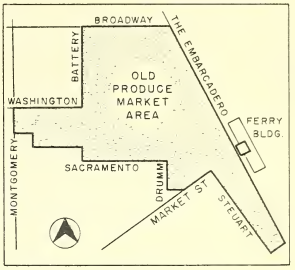
HOUSING MARKET QUESTIONNAIRE

This is an official housing market survey conducted for the City and County of San Francisco by the Chamber of Commerce and other Civic Groups.

Name of Employer _____
(Print)

Address of Employment _____

The former wholesale produce market area will be replaced with new buildings of a different type. The City must decide whether a portion of this area will be sold to those who will construct large-scale apartment buildings. It is important to all Bay residents that this determination be made accurately and that any apartments be appropriate to the housing needs and desires of you and others employed close-by. Your frank opinions and information are important. Consequently, your employer is cooperating with a private research organization to determine, by means of this questionnaire, the nature of your needs and desires. You are assured that all information that you supply will be handled confidentially and only by the research corporation. Don't sign your name; but please answer frankly, fold to cover below & hand to your supervisor. Your employer requests that every employee complete and return this questionnaire today.



1. I live in: (check one)
___San Francisco ___Contra Costa County
___San Mateo County ___Marin County
___Santa Clara County Other _____
___Alameda County

2. Today I came to work by:
_____bus _____private car _____train
_____trolley _____walked Other _____

and it took me ___ minutes from home to work (door to door).
The roundtrip will cost me _____.

Answer these questions if you drove to work:
I parked ___ blocks from work.
My daily parking cost is: _____.

3. I own _____ I rent _____ and live in the following kind of dwelling:
___single family house ___room
___apartment or flat. Other _____
(type e.g. trailer)

4. I live: (check one)
___alone
___with spouse or members of my family
___with my family and other persons
___just with other persons

5. The number of rooms (excluding bath, halls) in my dwelling is _____.

6. Including me, ___ persons are living in this dwelling. I have ___ children under 18 years who live with me.

7. (Answer a and b if you live in a rented unit)
(a) The rental of my dwelling is $ _____
_____Per Week _____Per Month
(b) Included in the rental are:
___electricity ___private cooking facilities
___furniture Other _____
___heat

8. I would estimate the total income of all persons in my dwelling unit put together for the year 1955 was: (check one)

___Less than $ 4,000 ___$ 8,000 to $ 8,999
___$ 4,000 to $ 4,999 ___$ 9,000 to $ 9,999
___$ 5,000 to $ 5,999 ___$10,000 to $10,999
___$ 6,000 to $ 6,999 ___$11,000 to $11,999
___$ 7,000 to $ 7,999 ___$12,000 or more

9. Please indicate below whether or not you would seriously consider moving to any of the large scale elevator-type apartments which might be erected in the former Produce Market area. Complete (a) or (b)

a. Not interested because:
___present housing satisfactory
___don't like area even if redeveloped
Other reasons _____

b. Interested, and prefer:
___efficiency apartment (no bedroom)
___one bedroom
___two bedrooms
___three or more bedrooms

10. Are you:
___Male ___White ___Negro
___Female ___Oriental

METHODOLOGY FOR HOUSING MARKET SURVEY

The great bulk of the market for new residential construction in Redevelopment Area "E" will be drawn from those employed in the downtown financial and retail areas nearby. To ascertain the acceptability of the site to these persons and the characteristics and preferences of those to whom the site would be attractive, a survey was conducted through cooperating employers in the area.

The sample was based upon type of industry as being the most practicable, yet representative of the actual distribution by occupation and income groups. To reduce possible distortion of results through uncontrolled partial coverage, questionnaires were obtained from all employees of the participating firms. With the guidance of the San Francisco Labor Market Analyst, California Department of Employment, firms were selected so that:

1. The combined employment (in the area within a mile from Front and Washington) of firms in any type of industry bore approximately the same relationship to the total of that industry as did the combined employment of firms selected in any other type of industry.

2. The totals for each type of industry and the grand total represented a sample of approximately eight per cent of downtown employment.

By this process, the following firms formed the samples:

American President Lines

Atchison Topeka and Santa Fe Railroad

Radio Corporation of America

United Air Lines

Bechtel Corporation

International Business Machines

Crown Zellerbach Incorporated

City of Paris

Gump's

Sherman and Clay

Crocker Anglo National Bank

Coldwell, Banker and Company

Royal Liverpool Insurance Company

Columbia Steel

Koret of California

San Francisco News

Batten Barton, Durstine and Osborn

Haskins and Sells

National Automobile Club

Sheraton-Palace Hotel

Federal Reserve Bank

The San Francisco Chamber of Commerce called a meeting of executives of these firms and all agreed to cooperate, taking away supplies of questionnaires and instructions to department heads. Each employer (whether or not interested in housing in the area) was asked to return a questionnaire, results being confidential.

On March 21 the questionnaires were distributed. Reports of supervisors indicated that coverage was typical of the firms' total employment and the proportion of returns from nearly every cooperating firm was unusually high.

ummarized from tabulations prepared through assistance of staff members of the Department of City Planning and the Redevelopment Agency, the table on the following page shows the extent of coverage, indicative of the validity of the data assembled.

t is our belief from examination of this and other tabulations that the results represent a most satisfactory cross section of the area's employment.

A copy of the questionnaire used, follows Table A6.

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